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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	David Aaron to Pres. Carter, w/attachments 4 pp., re: West Bank/Gaza <i>Opened 2/3/92</i>	5/22/78	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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2683

THE WHITE HOUSE  
WASHINGTON  
May 23, 1978

Zbig Brzezinski

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan

SECRET ATTACHMENT

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<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

ACTION  
FYI

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3035X

THE WHITE HOUSE

WASHINGTON

~~SECRET~~ GDS

May 22, 1978

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
FROM: DAVID AARON *DA*  
SUBJECT: Egyptian Proposals for West Bank/Gaza

President Sadat has developed his thinking a bit further on the West Bank/Gaza. His thoughts are still rather muddled, but the central idea that he is now working with involves a virtual abandonment on his part of the concept of Palestinian self-determination or Palestinian statehood in return for an explicit Israel commitment to withdraw from the West Bank/Gaza. To ease the pain of withdrawal, Sadat suggests that Egypt and Jordan should work out security arrangements with Israel, which they would guarantee, and that they should hold the West and Gaza in trust for five years prior to allowing the Palestinians to decide the nature of their link to Jordan. As an alternative, Sadat is content to forward to the Israelis the rather legalistic document prepared several weeks ago by his Foreign Ministry. He prefers, however, his new approach, the essence of which follows:

1. Establishment of a just and lasting peace necessitates just solution of Palestinian question in all its aspects on the basis of the legitimate rights of the Palestinian people and taking into consideration legitimate security concerns of all the parties.

2. Israel shall withdraw from the West Bank (including Jerusalem) and the Gaza Strip . . . withdrawal applies to settlements . . . .

3. Administration of the West Bank shall be handed over to Jordan and administration of Gaza to Egypt. The U. N. shall supervise and facilitate Israeli withdrawal.

4. Talks shall take place among Egypt, Jordan, Israel, and representatives of the Palestinian people with participation of the U. S. with a view to agreeing upon mutual security arrangements.

~~SECRET~~ GDS*Jan 6/28/90*~~SECRET~~

~~SECRET~~

~~SECRET~~ GDS

-2-

5. Egypt and Jordan shall guarantee security arrangements and should continue to be represented in West Bank/Gaza. (S)

While the Israelis will not be able to accept Sadat's proposal as it stands, they may see in it some positive elements: the reduced emphasis on Palestinian self-determination; the emphasis on an Egyptian and Jordanian role in working out security arrangements. Sadat continues to insist on full withdrawal, however, and this Begin is unwilling to accept. (S)

Sadat has discussed this approach with the Saudis and with Hussein, and claims that they are enthusiastic. The Jordanians tell us, by contrast, that Hussein was non-committal. In any event, the opening of a dialogue with Jordan on these issues is important. Sadat still expects a US proposal in June, but wants to work with us to develop some of his new ideas. He is not anxious to discuss the details of the Begin "self-rule" proposal, but is prepared to meet Dayan if Israel indicates a flexible attitude in the answers to the questions we have posed. (S)

Before we proceed much further, another round of high-level talks with Sadat and Begin will probably be essential. Sadat has now moved quite far from his initial position on the Palestinian question, but he remains insistent that Israel withdraw from the West Bank/Gaza in the context of peace, recognition, and security. This is still the crux of the problem. (S)

~~SECRET~~ GDS

~~SECRET~~

THE PRESIDENT'S SCHEDULE

Tuesday - May 23, 1978

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8:15 Mr. David Aaron - The Oval Office.

9:00 Senator Adlai E. Stevenson and Congressman Don  
(10 min.) Fuqua. (Mr. Frank Moore) - The Oval Office.

9:30 Meeting with Senate Group to Discuss  
(30 min.) Foreign Policy. (Mr. Frank Moore).  
The Cabinet Room.

10:00 Mr. Jody Powell - The Oval Office.

11:30 Vice President Walter F. Mondale, Admiral  
(20 min.) Stansfield Turner, Mr. David Aaron and  
Mr. Hamilton Jordan - The Oval Office.

12:30 Lunch with Mrs. Rosalynn Carter - Oval Office.

2:00 Presentation of Presidential Management  
(10 min.) Improvement Awards. (Mr. Jack Watson).  
The Rose Garden.

2:15 Issues Meeting/1980 Budget. (Mr. James  
(2-1/2 McIntyre) - The Cabinet Room.  
hrs.)

5:00 Press Announcement/Private Sector Jobs Initiative.  
(Mr. Stuart Eizenstat) - The East Room.

6:30 Dinner/Private Sector Jobs Initiative.  
The State Dining Room.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 20 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre and Scotty Campbell

SUBJECT: Briefing Materials

Attached are briefing materials for the ceremony to be held in the Rose Garden, May 23, 1978.

This ceremony will combine the presentation of the Presidential Management Improvement Awards with your formal submission to Congress of the Civil Service Reorganization Plan.

Attachment



## ROSE GARDEN CEREMONY

Tuesday, May 23, 1978  
2:00 p.m. (10 minutes)

### I. PURPOSE

This ceremony will combine the presentation of the 1977 Presidential Management Improvement Awards with a Statement on the Civil Service Reorganization Plan, which you are submitting to the Congress today.

### II. BACKGROUND, FORMAT, PARTICIPANTS, AND THE PRESS PLAN

A. Background: Presidential Management Improvement Awards were established in 1970 to recognize individuals and groups who made exceptional contributions toward improved government operations or reduced costs. Last October, you approved extending the Presidential recognition program to Federal personnel at all levels of government service. As a result, 572 employees have received congratulatory letters from you for contributions totaling over \$80 million in savings. As you directed, the best of these contributions are to be recognized at this ceremony. Summaries of achievements are at Tab A.

B. Format: Presentation -- statement attached. You will stand on steps overlooking the Rose Garden, flanked by McIntyre on your right and Campbell on your left. The award recipients will be arrayed in a semi-circle behind you. Members of Congress and key agency officials will be behind them on the colonnade. Following your statement, Campbell will introduce each recipient, briefly citing his or her contribution, and McIntyre will hand plaques to you.

#### C. Participants:

1. Jim McIntyre and Scotty Campbell
2. Federal employees receiving awards
3. Congressional members from committees handling civil service legislation and from recipients districts.

D. Press Plan: Open coverage. (Campbell and McIntyre to hold press conference on Reorganization Plan following ceremony.)

CONGRESSIONAL MEMBERS

(Invited and have not declined)

SENATE

Byrd , Harry

Hayakawa

Mathias

Sarbanes

Sparkman

Allen

Bentsen

Tower

Helms

Morgan

Ribicoff

Sasser

Stevens

HOUSE

Brooks

Spellman

Jones, W.

Nix

Udall

Derwinski

Fisher

Krebs

Krueger

Whitehurst

Flippo

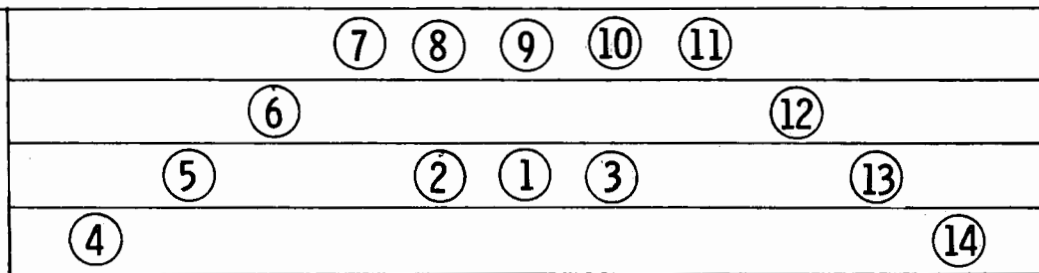
Daniel

OVAL OFFICE

COLONNADE

Members of Congress and Key Agency Officials

STEPS



GUESTS

PHOTOGRAPHERS

GUESTS

ROSE GARDEN

LEGEND:

- 1 - The President
- 2 - McIntyre
- 3 - Campbell
- 4 - Botbol
- 5 - Bowen
- 6 - Carillo
- 7 - Corley

- 8 - Helms
- 9 - Winstead
- 10 - Johnson
- 11 - Mills
- 12 - Rhodes
- 13 - Hodges
- 14 - Taylor

## 1977 Presidential Management Improvement Award Winners

### Dr. Joseph M. Botbol

Geologist

Geologic Division

### Roger W. Bowen

Mathematician

U.S. Geological Survey  
Department of the Interior

For their outstanding work in the development of a computer-based information system that provides vital oil and gas data. The information system is being used by a diverse community in the United States and abroad.

The system, which represents a major step forward in the computer handling and analysis of mineral and energy research information, has enabled Federal scientists to undertake projects that formerly were impossible, and has saved the Government an estimated \$1,530,800.

### Yolanda H. Carrillo

Data Transcriber

Internal Revenue Service  
Department of the Treasury

For suggesting a method of reducing transcription time in preparing corrections to data for the Internal Revenue Service ADP system. This procedural change has saved the Government an estimated \$184,000 during the first year of implementation.

Mrs. Carrillo noted and proposed a simple change which eliminated the need to enter four digits of a nine-digit number when making corrections. Although a simple change, it had been overlooked by senior systems experts and by several thousand other data transcribers. The improvement is far beyond the scope of Mrs. Carrillo's normal job responsibilities.

### Dr. Ernest L. Corley

Acting Head of Program Development  
and Coordination Staff

Science and Education Administration  
Department of Agriculture

For outstanding leadership in the reorganization within Agricultural Research Service and in the design of an effective management and planning system. Dr. Corley's contributions have had far-reaching impact in addressing domestic and world food needs.

Through Dr. Corley's efforts, an efficient and effective multi-disciplinary team was established within ARS; agricultural research activities were streamlined and integrated within the Department; research programs, organizational units, and financial resources were successfully forged together; and a system of technological objectives was developed.

### Curtis R. Helms

AST, Internal Flow Dynamics

Structures and Propulsion Laboratory  
National Aeronautics and Space Administration

### Thomas W. Winstead

AST, Internal Flow Dynamics

George C. Marshall  
Space Flight Center, Alabama

For their exceptional engineering achievement in redesigning the Space Shuttle external fuel tank. The redesign resulted in a lower cost per flight and increased payload capability.

They redesigned the external tank to eliminate one of the two vent/relief valves while still meeting venting requirements and reliability standards. Their contribution produced total program savings of \$5.6 million with average annual estimated savings of \$373,000.

### Jack B. Johnson

Biomedical Engineer

Department of Medicine and Surgery  
Veterans Administration Hospital  
San Antonio, Texas

For suggesting a change in the method of installing cash registers supplied to the Veterans Administration hospital canteen service. Mr. Johnson's contribution has already saved \$100,000 nationally, and, based on future planned purchases, has the potential for saving twice that amount.

He first studied the electronics of a cash register and questioned the manufacturer's requirement that isolation transformers be installed with each register. When he determined that they were unnecessary, Mr. Johnson recommended that the requirement be discontinued.

### Thomas H. Mills

Fuel Distribution Systems  
Operator Foreman

### Winfred A. Hodges

Fuel Distribution Systems  
Operator Leader

Transportation Foreman

Naval Supply Center  
Department of the Navy  
Norfolk, Virginia

For their innovative solution to a management problem which resulted in reclamation of fuel oil which otherwise could not have been used.

They suggested a procedure by which a 15- to 20-year accumulation of sludge oil and trash could be filtered so as to permit the oil to be pumped to the reclamation plant for processing. Their contribution to energy conservation also produced savings to the Government of approximately \$189,000.

### L. David Taylor

Acting Deputy Assistant Secretary  
for Management Analysis and Systems

Department of Health, Education  
and Welfare

For outstanding contributions to effective management and administrative initiatives, which significantly improved the Department of Health, Education and Welfare's services to the American people.

During a difficult period of transition, Mr. Taylor provided leadership in implementing the Department's reorganization and paperwork reduction program, improving the contract approval process, and designing management control processes for administering contracts with consultants, which have saved the Government an estimated \$6 million.

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

RE: LEGISLATIVE/PRESIDENTIAL  
PRIORITY ISSUES

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE *FM.*

In lieu of my regular meeting with you this morning I am, instead, providing a written status report on several Presidential priority issues:

. Energy

The vote among House conferees is scheduled to begin at 10:00 a.m. Beginning yesterday a new flap developed, but DOE believes things are now under control. The controversy was born out of the Speaker's announced intention to separate the first four bills from the tax bill and to appoint a new set of conferees.

While no one raised objections to separating the package, Dingell and Eckhardt raised a ruckus over the issue of appointing new conferees.

The Speaker then backed away from the new conferees idea, a step which upset Ullman (who views Members of the Commerce Committee as interlopers in tax matters). After fairly intense massaging, Ullman is now calmed down, although he is reserving the right to delay signing the conference report on the first four bills, pending progress on the tax bill.

During all of the foregoing, Reuss became concerned that the Speaker had retreated from his intention to split the package. He was assured that the commitment was, indeed, intact.

So as things now stand, if no one insults or scares anyone, we should have 13 votes on the House side for the Waggoner/Wilson/Eckhardt compromise.

Page 2

. Hospital Cost Containment

Mark-up in the House Commerce Committee remains scheduled for tomorrow. The vote remains close (no change from that reported in the Weekly Legislative Report):

+ = 16  
L+ = 7  
U = 2  
L- = 4  
- = 14

*Work on  
right quorum  
J*

We may ask you to make a few calls on this later today or first thing tomorrow.

. Labor Law Reform

In an effort to turn the tables on the opposition, reform proponents are planning today to introduce a small business amendment, thus putting opponents of reform on the defensive.

We may need to ask you to make a couple of calls toward the end of the week. It is important that our push remain visible and constant.

Starting June 7, we are likely to see daily cloture votes. We will not begin to approach the 60 figure until after the third try; Bob Thomson projects cloture to be invoked around June 14, but post-cloture timing is still uncertain. The issue could easily drag on until the end of June.

. Alaska D2 Lands

White House Congressional Liaison, DPS and Interior staffs met yesterday to determine Senate strategy. We have decided to take a very low profile, a strategy we will maintain until a week or so after the Memorial Day break.

At this point it is certain that Alaska lands is another filibuster issue and Byrd is very concerned about a complete dislocation of his schedule.

. Airline Deregulation

The focus has shifted to the House Rules Committee, where Glenn Anderson is attempting to tie deregulation to his aircraft/airport noise bill, thus coming to the floor with one "omnibus" bill.

Senator Cannon, who opposes linkage, is intervening cautiously to prevent it. We are proceeding very carefully.

. CRBR

Vote on Flowers compromise will be Thursday if the House schedule permits.

. DOD-Authorization

House will begin consideration today. We are not sure we can win the fight to reverse Armed Services proposals. 120-130 votes.



9:00 AM

THE WHITE HOUSE

WASHINGTON

May 19, 1978

MEETING WITH SEN ADLAI STEVENSON AND REP DON FUQUA

Tuesday, May 23, 1978  
9:00 a.m. (10 minutes)  
The Oval Office

From: Frank Press  
Frank Moore *J.M./pd*

I. PURPOSE

Primarily to discuss Civil Space Policy issues. Senator Stevenson may wish to talk about ASAT matters.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: (Political background to be filled in by Congressional Liaison) See attachment.

Senator Stevenson and Representative Fuqua are concerned that the Administration has not enunciated its Civil Space Policy. They worry that policy will be made solely in the context of budgets without regard to national goals. They are both realists with regard to fiscal constraints and will not push for a "high frontier", much expanded space program, although they are under pressure to do so. They would be satisfied with a constant level (plus inflation) NASA budget in which funds released by completion of the shuttle were used for expanded space applications, planetary exploration and aeronautics R&D programs. Senator Stevenson would not argue against "temporary decreases" of NASA's budget to meet severe fiscal constraints so long as the long-term goal would allow some growth in space applications and science projects. Representative Fuqua has somewhat more ambitious aspirations for space programs.

Stevenson and Fuqua strongly support transition of LANDSAT to operational status from its present R&D phase. Both support a five Orbiter shuttle fleet.

Stevenson and Fuqua were briefed on PD/NSC-37 (National Space Policy) and were pleased with your decisions.

Senator Stevenson became concerned about ASAT when he talked to Foreign Minister Gromyko last Christmas. He believes that a verifiable ASAT agreement with the USSR is needed to ensure peaceful uses of space and to protect our SALT verification capability.

Participants: The President, Senator Stevenson, Representative Fuqua, Frank Press, Frank Moore, Dan Tate, Jim Free

Press Plan: White House Photo

### III. TALKING POINTS

1. In PD/NSC-37 you stated that the US will maintain world leadership in civil space applications and sciences. You have asked your Science Adviser to chair a high level Space Policy Review Committee.
2. You will be reviewing Civil Space Policy issues beginning May 24 with the Spring budget review. The Space Policy Review Committee will also provide input. Dr. Frosch, the NASA Administrator, participates in both these processes and can see you on his own. There are severe budgetary constraints next year but you have an open mind about specific projects.
3. You can only justify four orbiters in terms of known civil and defense needs and will review the need for a fifth orbiter year by year.
4. You have taken the lead in initiating ASAT discussions with the USSR. The first round of these talks will begin in Helsinki on June 8. Senator Stevenson has been briefed on the content of the preliminary proposals we plan to make -- (1) any attack on a satellite should be considered a hostile act and (2) ASAT testing in space should be banned during the negotiations. This is a very complex issue with serious verification problems, and we do not know how responsive the Soviets may be. Consequently, we are continuing a vigorous R&D program pending completion of a verifiable ASAT agreement.

Attachment #1

Senator Adlai E. Stevenson, III (D-Illinois)

Committees: Committee on Banking, Housing and Urban Development

Subcommittees: Housing and Urban Affairs  
International Finance (Chairman)  
Federal Credit Programs

Committee on Commerce, Science and Transportation

Subcommittees: Aviation  
Science and Space (Chairman)  
Surface Transportation

Select Committee on Ethics (Chairman)

Select Committee on Intelligence

Subcommittees: Charters and Guidelines

Wife: Nancy

Rep. Don Fuqua (D-Fla. 2)

Committees: Government Operations (8)

Subcommittees: Intergovernmental Affairs  
Legislation and National Security

Science and Technology (2)

Subcommittees: Space Science and Applications (Chairman)  
Science, Research, and Technology  
Transportation, Aviation, and Weather

Administration Support: 41%

Wife: Doris

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Secretary Harris

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Stu Eizenstat  
Tim Kraft  
Frank Moore  
Jack Watson

URBAN DEVELOPMENT ACTION GRANT --  
KNOXVILLE, TENNESSEE

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

MAY 19 1978

MEMORANDUM FOR: The President

SUBJECT: Application of the City of Knoxville,  
Tennessee for an Urban Development  
Action Grant

*No need for  
meeting with me.  
Just let Tennessee  
people know about  
problems & help them  
comply with  
requirements*  
J

I am enclosing herein a memorandum on the status of the City of Knoxville's application for an Urban Development Action Grant. This cover memorandum will provide you with a summary of the information contained in the memorandum I am enclosing:

- o Approval of the City's application in the next round of Action Grant awards to be made on approximately July 1 is unlikely for the following reasons:
  - The City has not yet secured private, firm commitments for permanent reuse of the area to be used for the Exposition.
  - The Action Grant requested, \$13.8 million, will require commitment of a significant sum of private money.
  - The application must be restructured so that private or local funds are used for land acquisition and clearance, with Action Grant funds to be used at a later stage of development.
  - The project must be restructured so that serious displacement problems will be resolved.
  - Citizen complaints must be resolved.

- The statute authorizing the Action Grant program requires that the primary criterion for funding projects be the comparative degree of distress and Knoxville ranks 267th out of approximately 300 cities according to the Congressional formula.
- The Department must achieve a reasonable balance in funding commercial, neighborhood and industrial projects, with the result that commercial projects like the Knoxville one will be difficult to approve.
- o Some encouraging signs have been seen, including the contribution of \$300,000 in local funds and the apparent realization of the City that private commitments for the permanent reuse of the area are necessary.
- o We will continue to work with the City during the next six weeks to assist them in improving their application.

*Pat*

Patricia Roberts Harris

Enclosure

cc:  
Frank Moore  
Tim Kraft  
Jack Watson



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

MAY 19 1978

MEMORANDUM FOR: The President

SUBJECT: Application of the City of Knoxville,  
Tennessee for an Urban Development  
Action Grant

Frank Moore has informed me of your interest in the application of the City of Knoxville for an Urban Development Action Grant, and I believe it would be useful to provide you with a status report on the application before your upcoming visit to the State of Tennessee.

In the first quarter of funding for our Urban Development Action Grant Program, the City of Knoxville submitted an application requesting \$13.8 million of UDAG funds to acquire, clear and improve 80.8 acres of underutilized downtown land to accommodate an international energy exposition in 1982. Total project activities would include major site improvements, highway expansion, State and federal pavilions or other exposition buildings, a convention/hotel/retail complex and parking facilities.

Because the City had not secured private commitments for permanent reuse of the area to be used for the exposition, we found, in the first quarter, that the proposal did not meet the intent of the Action Grant Program which requires prior commitments of private funds and which anticipates the creation of permanent jobs. The failure to secure private commitments for permanent reuse of the area was the primary reason for our failure to approve the City's application during our first quarter of funding, although there were other factors, including a significant amount of displacement which would result from funding the City's application.

Rather than require the City to submit a new application for the second round of funding, we decided to hold the Knoxville application over for consideration in the second quarter and have since been working with the City in an attempt to resolve the project's problems. In fact, on the day after we announced the first round of funding for the Urban Development Action Grant Program, high level HUD



staff, including Assistant Secretary Embry, met with Senator Sasser, Mr. Butcher, the Chairman of the Exposition, Mr. Roberts, Executive Director of the Commission, and Mayor Tyree to discuss the City's application and provide technical assistance. Moreover, on May 12, 1978, Mr. Eugene B. Jacobs, who has been designated as the Director of the Office of Urban Development Action Grants, met with Mayor Randy Tyree and other City officials and businessmen in Knoxville. At that time, Mr. Jacobs discussed the Department's concerns regarding funding for the project, and pointed out that commitments from private investors for permanent redevelopment of the site still had not been secured. Mr. Jacobs discussed with the City several possible reuses of the site, including retail commercial, hotel/convention center and/or parking facilities and explained once again that the City must determine the permanent reuse for the site and obtain the necessary private commitments.

As you know, the Urban Development Action Grant Program anticipates that federal funds will leverage significant amounts of private investment and the legislation authorizing the program requires that private commitments be made in advance. A substantial private commitment for permanent redevelopment would be required to warrant a \$13.8 million Action Grant to Knoxville. For example, for the first round of funding in the action grant program, the average grant leveraged private investment at a ratio of 6.5 to 1; most commercial projects were leveraged at a higher ratio and St. Louis, for example, is receiving \$10.5 million in Action Grant funds to leverage \$125 million in private funds.

We have several other concerns regarding the City's application. First, the application calls for the City to spend the \$13.8 million federal grant before any substantial private funds are invested. This arrangement does not guarantee that private investment will occur. Accordingly, we have suggested that the City restructure the proposal, so that other funds are used for land acquisition and clearance with Action Grant funds being used at a later stage of development. Only in this way can we avoid the results of the Urban Renewal Program, in which federal funds were used to clear land for subsequent development which, in many cases, never occurred.

. Second, the program requires the acquisition of land from 106 property owners, 153 households, 62 business employees and 1,377 persons. In order for the project to be funded under the Action Grant Program, these displacement problems would have to be resolved, or certainly, minimized.

Third, citizens of the City of Knoxville have submitted numerous and lengthy complaints concerning the project, including the issue of whether the City has met the citizen participation requirements of the Action Grant Program. We are currently examining this material and have met with a number of the citizen groups.

Quite significantly, the statute authorizing the Urban Development Action Grant program requires that the "primary criterion" for funding feasible projects be the comparative degree of physical and economic distress among applicants as measured by a statistical "impaction" formula. At the present time, there are approximately 300 large cities which are eligible for the Urban Development Action Grant program and Knoxville ranks 267th on this list. Obviously, Knoxville, therefore, is not in a strong competitive position to receive an Action Grant based on its relative degree of distress.

Finally, the Congress also has made it very clear that it expects the Department to achieve a reasonable balance in funding commercial, neighborhood and industrial projects. In the first round of funding, primarily commercial and industrial projects were funded and we will be very hard pressed to fund large-scale commercial projects in the remainder of Fiscal 78 which are not both highly leveraged and situated in highly distressed cities. If the Knoxville grant were to be funded, it would be the largest Urban Development Action Grant made by the Department.

Despite this rather pessimistic outlook, some encouraging signs have been seen. Since our decision of April 5 to hold the Knoxville project for additional funding consideration, the local community has contributed a fund of several thousand dollars to provide front-end assistance for the project. The City also has been hard at work attempting to resolve the single greatest impediment to funding, the failure to have firm private commitments for the ultimate use of the 80.8 acre site. Even with this momentum, however, the City

is working against a very tight time frame, since the decisions on the next round of Action Grant awards will be made on approximately July 1.

I should also like to point out that the success of the project is dependent upon legislative actions yet to be taken. The State of Tennessee General Assembly must appropriate or approve a bond issue for the State pavilion. The United States Congress must authorize and appropriate \$22 million for the U.S. pavilion and a number of other components of the project are contingent on administrative action on the part of federal, State and local governments.

We have discussed each of these concerns with the City and are working closely with the City in suggesting possible solutions. I can assure you that we will continue to work with the City over the next six weeks. I would be pleased to discuss this matter with you or any of the White House staff should you feel that it would be useful.

Pat

Patricia Roberts Harris

cc:

Frank Moore

Tim Kraft

Jack Watson

2707

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. The signed original of the disaster was given to Bob Linder.

Rick Hutcheson

TURNDOWN FOR MAJOR DISASTER DECLARATION  
DUE TO STRONG WINDS AND RAIN -- ALABAMA

THE WHITE HOUSE

WASHINGTON

May 22, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*  
LYNN DAFT *Lynn*

SUBJECT:

Recommended Turndown for Major  
Disaster Declaration Due to  
Strong Winds and Rain - Alabama

In the attached memorandum, Secretary Harris recommends that you turn down major disaster assistance for the State of Alabama due to strong winds and rain.

We concur with Secretary Harris' assessment and recommend your concurrence in the proposed response to Governor Wallace.

You will note that FDAA has used a different format to present their analysis of the request. We asked them to experiment with some new approaches. If you approve, we will ask them to adopt this format. *ok*

☒ Approve

☐ Disapprove

*[Signature]*

9:30 AM

THE WHITE HOUSE

WASHINGTON

May 22, 1978

MEETING WITH SENATOR S. I. HAYAKAWA  
AND EIGHT OTHER SENATORS

Tuesday, May 23, 1978

9:30 a.m. (30 minutes)

The Cabinet Room

FROM: Frank Moore *f.m./pd*

I. PURPOSE

To discuss foreign policy matters.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: During the closing days of the Panama Treaty debate, you spoke with Senator Hayakawa about meeting with him and other Senators regarding our policy in Africa. As you may remember, he is particularly concerned about your policy in Rhodesia, contending that it does not sufficiently support the efforts of the Smith regime to establish transition procedures for black majority rule.

A meeting at this time is appropriate because Senator Hayakawa will be going to Rhodesia on a Senate trip over the Memorial Day recess. Since he will be making the trip anyway, it is best that he receive a full explanation and rationale for our policy before he engages in any conversations with the Rhodesians.

The other Senators invited were suggested by Senator Hayakawa. None of those attending are on the Foreign Relations Committee, but all are interested in foreign affairs. We decided not to alter the Senator's suggested list of invitees so we would be in a better position to deflect any requests for additional meetings that Senator Hayakawa might make. It is his understanding that you promised to hold similar meetings more than once.

David Aaron will meet with the group for 15 minutes prior to your entry at 9:30. He will give a brief summary of our policy towards Rhodesia and South Africa, and may also explain the current situation in Zaire.

The attached memorandum explains what he is going to say.

It would be appropriate for you to make a few brief remarks, reserving the major portion of the meeting for questions and comments, starting with Senator Hayakawa.

B. Participants: The President, Senators Hayakawa, Long, Moynihan, Zorinsky, Nunn, Hart, Stevens, Laxalt and McClure, Frank Moore, David Aaron, Madeline Albright and Bob Thomson.

C. Press Plan: White House Photo only.

### III. TALKING POINTS

1. You should explain that during the Panama debate, Senator Hayakawa suggested in one of your conversations that there was some misunderstanding in the Senate about our policy towards Rhodesia. He suggested that you meet on this subject with a broader range of Senators, some of whom have not been directly involved with the Rhodesian question. You agreed with his suggestion, since it is necessary for all to have a clear understanding of the difficult problems with which our nation must deal in Rhodesia.
2. You should recognize that David Aaron, in Dr. Brzezinski's absence, has already explained the Administration's policy in some detail. However, you may want to recount some of the major principles of that policy.
3. You may be asked what our response would be to Cuban involvement in any Rhodesian conflict that may develop. Beyond giving your general position against foreign interference in the Rhodesian affair, you should not be drawn into further discussion of Congressional restraints on the Administration's flexibility in dealing with the Cubans in Africa. As you know, this is a matter of some controversy on the hill and is under review internally. It would be more appropriate to comment after that review is concluded.

## RHODESIA

### Our Involvement

Since 1965 we and the British have viewed the Salisbury regime as illegal. Aside from the period of the Byrd Amendment (repealed at the urging of the Carter Administration) we have maintained a rigid embargo in support of UN sanctions.

A major shift in our Rhodesia policy came in 1976 when the Ford Administration recognized the danger of Cuban/Soviet involvement if no settlement was reached. Active diplomatic involvement failed however to develop a basis for settlement. The incoming Carter Administration put Rhodesia high on its agenda, working in close cooperation with the British.

In September 1977, we and the British offered proposals for a settlement that would result in majority rule in 1978. There would be a brief reimposition of British rule during the transition period, supported by a UN presence. The settlement provided for democratic rule, protection of minority rights, and economic assistance to the new Zimbabwe.

Smith showed little interest in the plan and the Patriotic Front procrastinated in accepting it. By the beginning of 1978 the process had bogged down; this provided the setting for Smith's internal settlement.

### Current Situation and Policy

The internal settlement comprises Smith, Muzorewa, Sithole and Chirau. It envisions elections leading to independence in 1978, resulting in a government that will have black leadership but strongly entrenched white positions.

Most international opinion rejected the settlement; we recognized that it provides a new element in the situation and have not condemned it. We have strong doubts, however, that it can result in genuine majority rule, bring an end to the fighting, and meet its own timetable for independence. The main test is its ability to win the guerrillas away from the Patriotic Front. While the results will not be clear for some weeks at least, signs thus far have not been promising and internal frictions have grown in Salisbury.

In April, Vance and Owen met with the Patriotic Front and the Salisbury Group to suggest an all-parties meeting based on the Anglo-American Plan. We worked in close cooperation



with the Front Line states and Nigeria. The PF was willing to meet but demanded an unacceptable dominance in the pre-independence machinery envisioned by the Plan. The Salisbury Group refused to meet. We will keep in contact with both sides to keep the negotiating process alive. The Low-Graham team will begin its activities next week. It may be some while before either side is willing to engage in serious negotiations however; both need to get a better idea of the relative strengths of their positions.

In the interim, we see the conference proposal and plan as a safety net to which the parties can turn when they want to negotiate, and a standard against which other settlement schemes can be measured. Our continued active involvement also provides a diplomatic alternative to Soviet and Cuban involvement.

We are not taking sides between the contending nationalist groups and are disappointed with their performance in recent negotiations with us. We believe that there remains a basis for negotiation but we will not be party to any settlement plan that gives either side an undue advantage in the period leading up to elections and independence; that, of course, is what each of them seeks. Our approach remains flexible on such matters as the police and we would of course support any agreement that the two sides were able to reach.

Our objectives remain independence and true majority rule for a democratic Zimbabwe, attained through free elections in an atmosphere substantially free of violence. We also expect a Zimbabwean constitution to guarantee minority rights and we stand behind the idea of a Zimbabwe Development Fund that will help the new nation get established.

We remain firmly opposed to Cuban and Soviet military involvement. The Rhodesia problem should be settled peacefully without outside interference. In addition, we believe that Soviet and Cuban meddling would lead to dangerous polarization in southern Africa.

Senator S. I. Hayakawa

Committees: Committee on Agriculture, Nutrition, Forestry  
Committee on the Budget  
Committee on Human Resources

Wife: Margedant

Senator Russell B. Long

Committees: Committee on Commerce, Science and Transportation  
Committee on Finance, Chairman  
Joint Committee on Taxation, Chairman  
Joint Economic Committee

Wife: Carolyn

Senator Daniel Patrick Moynihan

Committees: Committee on Environment and Public Works  
Committee on Finance  
Select Committee on Indian Affairs  
Select Committee on Intelligence

Senator Edward D. Zorinsky

Committees: Committee on Agriculture, Nutrition and Forestry  
Committee on Commerce, Science and Transportation  
Select Committee on Nutrition and Human Needs

Wife: Cece

Senator Sam Nunn

Committees: Committee on Armed Services  
Committee on Governmental Affairs  
Select Committee on Small Business

Wife: Colleen

Senator Gary Hart

Committees: Committee on Armed Services  
Committee on Environment and Public Works  
Select Committee on Intelligence

Wife: Lee

Senator Ted Stevens

Committees: Committee on Commerce, Science and Transportation  
Committee on Governmental Affairs  
Committee on Appropriations

Wife: Ann

Senator Paul Laxalt

Committees: Committee on Energy and Natural Resources  
Committee on Finance  
Committee on the Judiciary

Wife: Carol

Senator James McClure

Committees: Committee on the Budget  
Committee on Energy and Natural Resources  
Committee on Environment and Public Works  
Joint Economic Committee

Wife: Louise

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

\* cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jody Powell  
Jack Watson  
Anne Wexler

CALL TO CONG. WALTERS ON CRBR  
COMPROMISE

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THE WHITE HOUSE  
WASHINGTON

May 19, 1978

Frank - done  
" Good prospect  
on CRBR on  
floor - Next week  
vote - "  
JC

MEMORANDUM FOR THE PRESIDENT

FROM STU EIZENSTAT *h. b. lay*  
FRANK MOORE *F. M. Moore*

SUBJECT CALL TO CONGRESSMAN WALTER FLOWERS ON THE  
CLINCH RIVER BREEDER REACTOR COMPROMISE

Dale Meyers and several others from the Department of Energy and Kitty Schirmer on my staff met with Congressman Flowers yesterday to discuss his sponsorship of the CRBR compromise amendment on the House floor. As you will recall, Flowers offered an amendment in the House Science and Technology Committee which was defeated by one vote. That amendment would terminate the CRBR project, and authorize a conceptual design study of a 650-900 Megawatt reactor. The design study, along with Administration recommendations on construction and design would be submitted to Congress in March 1981. While it is clear that undertaking this study carries no implicit or explicit commitment to construct a fast breeder reactor, the study should be complete enough to permit a go, no-go decision in March 1981.

The discussion yesterday centered on how to beef up the compromise to make clear that the Congress will have the option of moving to construction in 1981. Flowers expressed interest in requiring that the report to the Congress include recommendations on a site for the reactor. We stated that we found this unnecessary and damaging from a non-proliferation standpoint. We did agree, however, that some additional specificity on what would be included in the report would be possible. We reached agreement with Flowers that the report would not include a reactor site, but that it would be detailed enough to permit a Congressional decision to authorize construction of a project at that time. Flowers believes that we can win the CRBR vote on the House floor, but only if we can turn around 30 to 40 votes among the middle-ground Democrats (those who are inclined to be pro-nuclear). Flowers and Chairman Teague are influential with this group, so their active involvement is critical. The House floor vote is now scheduled for May 24 or 25.

With Governor Wallace's retirement from the Alabama Senate race, however, Flowers' attention to this issue is somewhat distracted. While he is willing to take the lead, a call from you urging him to give this vote priority would help ensure that he puts the required effort into the vote.

We recommend that you call him today and stress the following points:

1. I am pleased that we have been able to work together this year toward resolution of the CRBR issue. Redirection of our fast breeder reactor program is important, both to our energy future and to the success of our non-proliferation efforts. I believe that the Administration has come a long way in formulating a compromise we can both support.
2. The discussions which my staff and DOE have had with you and the Committee staff have been instructive, have made major progress in developing a proposal which will provide us with a strong breeder option should we need it, while preventing the wasteful and unnecessary expenditures on the outmoded CRBR. Your leadership has been key in turning our thoughts to this new direction for the breeder program.
3. Many members of Congress who voted against the Administration's position on the CRBR last year will look to you and to Chairman Teague for advice on this compromise. I believe that it is critical that you personally reach as many members as possible before the vote. Of course, I will be available to do whatever I can to assist you in this effort.
4. I believe that together, we can win with the Flowers' compromise, and prevent dragging this debate out over yet another year.

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

WEEKLY DPS REPORT



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THE WHITE HOUSE  
WASHINGTON

May 19, 1978

Stu  
J

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly Status Report

CIVIL SERVICE REFORM

Civil Service Reform Initiative: Mark-up in Senate began on May 18, and House mark-up begins next week. Our policy team met with Senate staff for six hours last week to discuss the issues. The legislative team visited with most Senate Committee members this week. Reorganization plan announcement set for May 23.

*both  
delayed -  
We need  
to  
insure quorums*

CIVIL SERVICE

Federal Employee Religious Freedom: Representative Solarz (D-N.Y.) has introduced a bill to allow federal employees such as Orthodox Jews who must alter their work schedule to practice their religion to make up regular time missed by working overtime. With certain amendments, Justice has declared the bill constitutional, and CSC supports it. Bill will be on floor shortly.

Cost-of-Living-Allowance: Military wives and retired military who are federal employees and living in Hawaii and Alaska are very upset over a CSC decision to eliminate (because they have PX and Housing privileges) cost-of-living allowances for them. Working with CSC and OMB on how to resolve.

*should  
hold  
firm*

Blue Collar Pay: If the Blue Collar Pay Reform bill we sent Congress passes, almost \$2 billion would be saved by 1983. Bill is not moving in House Post Office and Civil Service Committee, but Defense is discussing with staff whether the Appropriations Committee might move on at least some of the reforms. Federal blue collar workers make over 7% more than their private industry counterparts.

*push  
this*

Federal Employees Pay Council: In protest against 5.5% pay cap, all union representatives on Pay Council sent you a letter of resignation as they did with President Ford. I worked with Chairman Campbell in drafting a response on your behalf. In July, Campbell plans to ask unions to again join the Council.

#### NATURAL RESOURCES

Water Policy: Memorandum in preparation responding to your comments. I am meeting with urban representatives on Monday. We had a follow-up meeting with environmentalists.

Outer Continental Shelf: Conference delayed by energy bill negotiations; meetings planned for next week.

Deep Seabed Mining: Continuing to work with OMB and agencies to develop position on "grandfather" language proposed by Representatives Murphy and Breaux to protect companies that suffer damages resulting from a Law of the Sea or other international treaty.

Environmentalists: Participants in the meeting with you last week expressed appreciation. I will attempt to meet with them on a more frequent basis.

#### HEALTH

NHI: DPS and other PRM agencies are providing you with a decision memorandum on the scope of our NHI plan next week. We are setting up a meeting for you with key House leaders.

Hospital Cost Containment: DPS and HEW, along with Kennedy, Rogers and Rostenkowski, are analyzing Talmadge's new proposal. We are attempting to reach agreement with AFL-CIO on a wage pass-through approach which will enable it to support Hospital Cost Containment legislation.

*Don't  
commit  
us to  
support  
this*

#### HOUSING AND COMMUNITY DEVELOPMENT

FNMA: We continue to work with Secretary Harris on a compromise with FNMA on FNMA's controversial proposed regulations.

New York City Finance Package: Legislation supported by the Administration cleared the House Banking Committee by 32-8 on May 3. The Senate Banking Committee will begin hearings on May 24 if the City meets its self-imposed May 20 deadline for resolving all the "local" issues. We are pushing the City, but resolution of all the outstanding issues by May 20 will be difficult. We have begun intensive consultations with the Senate Banking Committee and undecided members of the House, and have begun organizing outside business and labor contacts with the Senate Banking Committee.

### ENERGY

Solar Policy Domestic Review: Working with CEQ, OMB, and DOE to develop specific work plan. Meeting of assistant secretaries to be held next week.

National Energy Act (NEA): Working closely with Schlesinger, Moore, Treasury, CEA, and OMB on COET and tax conference strategy.

CRBR Agreement with the Congress: Vote in House scheduled for May 24. Discussions with Senators Jackson, Church, and Johnston have failed to produce an acceptable agreement. Committee action expected next week and outcome is uncertain.

Nuclear Waste Management: Continuing to work with Interagency Task Force on development of policy options and recommendations.

### INTEGRITY AND OPENNESS IN GOVERNMENT

Lobby Law Reform: According to staff, your calls to three Senators were effective. Ribicoff also greatly appreciated them. Final mark-up in Committee will be held over next month. In the first session the threshold for registration of direct lobbying was raised. Contribution, disclosure and grass roots issues not yet voted on.

### REGULATORY REFORM

Special Prosecutor: The House Judiciary Committee reported the Special Prosecutor bill supported by the Administration 24-6 on May 16, having decisively rejected the "Koreagate" amendment proposed by Representatives Hyde and Holtzman, 26-7. We will be working with Congressional Liaison, Justice, Counsel's staff, and OMB to move this to the floor, along with the other items in your 1977 ethics package (H.R. 1).

## AGRICULTURE AND RURAL DEVELOPMENT

Meat Import Legislation: A decision memo asking your advice on two unresolved issues is on its way to you.

Anti-Inflation Timber Study: Though the study has been completed, the participating agencies are in disagreement over the conclusions and recommendations. We will have a final product next week.

## HUMAN RESOURCES

Veterans Pensions: We have met with Congressional Liaison and OMB to develop our legislative strategy to pare down the size of the veterans pension reform bills in the House and Senate. We will be meeting with Senator Cranston to express your concern about the cost of these bills. *Veto awaits*

Welfare Reform: Congressmen Ullman and Corman have a tentative agreement to attempt to work out a compromise welfare reform bill over the next three weeks. We have developed a compromise bill with HEW with 1982 costs of \$10-12 billion compared to a \$20 billion cost for the Corman subcommittee bill. HEW is working with the interest groups to see if they can agree to the concepts of our tentative compromise bill. *!!*

Social Security: Our predictions about the difficulty of developing an acceptable social security tax roll-back bill appear to have been validated by the action of the Ways and Means committee in killing its roll-back bill. The only possibility of a bill emerging from the House is if the Democratic Caucus insists on having the matter brought to the floor.

## URBAN POLICY

Eight pieces of legislation have been cleared by OMB and sent to the Hill. Five more have been cleared and will be announced at public events early next week. The sole remaining piece of legislation, the National Development Bank, will be submitted the following week.

We have been working with Frank in meeting with key Congressional leaders to inform them of the importance of the various legislative pieces of urban policy. Their views to date have been reasonably supportive. Ann Wexler and I have been meeting once a week with the agency officials to coordinate the actions of the Administration's urban policy. We also have been meeting once a week with public interest groups to stimulate support for urban policy.

THE WHITE HOUSE  
WASHINGTON  
May 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

STENNIS MEETING

THE WHITE HOUSE  
WASHINGTON

May 19, 1978

*Frank*  
*Yes*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

When you had lunch today with Senator Stennis, did you discuss hearings on Greece/Turkey? Did the Senator make a commitment?



THE WHITE HOUSE  
WASHINGTON  
May 23, 1978

Jack Watson

The attached was returned in the President's outbox. It is forwarded to you for appropriate handling.

Rick Hutcheson

WHITE HOUSE FELLOWS AND CABINET  
MEETINGS



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THE WHITE HOUSE  
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

May 21, 1978

RE:

Two Miscellaneous Items

Cabinet Briefing on FY 1980 Budget

We have arranged a Cabinet briefing on the FY 1980 budget overview for Thursday, May 25, from 8:45 to 10:00 a.m. in the Cabinet Room. You will open the meeting and stay for only 10 to 15 minutes. (Although we know your schedule is crowded, Jim and I thought it was important for you personally to emphasize the seriousness of the economic and budget outlook and to make clear to the Cabinet that you expect their full support in containing expenditures in the 1980 budget.) After you leave, Jim McIntyre and Bo Cutter will conduct the briefing; Charlie Schultze will also be present. The Cabinet and heads of agencies with large budgets--AID, CSC, EPA, VA, GSA, SBA, NASA--will be invited.

White House Fellows at Cabinet Meetings

Peter Bourne has suggested that on a rotating basis, each of the White House fellows be permitted to attend one Cabinet meeting. Peter points out that such an opportunity would add a unique dimension to their year and counter some of their concern that the label "White House" fellows has less and less meaning. On balance, I think it is a good idea; it would be a thoughtful gesture on your part and would be greatly appreciated by all the fellows. They are a talented and dedicated group of young men and women who, I believe, would respect the privilege of being invited to a Cabinet meeting and the confidentiality of the matters discussed.

If you have no objections, I shall set up an appropriate procedure for inviting each of the fellows to a Cabinet meeting. There are a total of fifteen fellows; I will see to it that no more than two or three attend at one time.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

✓ hold to 1 or 2 at  
one time  
J

2719

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Jack Watson

WEEKLY LEGISLATIVE REPORT  
ADMINISTRATIVELY  
CONFIDENTIAL

*return orig to me*

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*already  
has  
copy*

THE WHITE HOUSE  
WASHINGTON  
MAY 20, 1978

*Frank- Be  
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clear against new  
spending- C*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE *F.M.*

SUBJECT:

Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

-- We understand that Jackson has the proxies to agree to the offer that the 13 House Members will present to the Senate. The conference is tentatively scheduled for Tuesday. The session will be contentious with conferees such as Senator Hansen, and Representatives Brown (R-Ohio) and Moffett strongly objecting.

2. TAXES

--Secretary Blumenthal will proceed with the plan as outlined in your meeting this morning.

3. REORGANIZATION

Civil Service Legislation and Plan: CSC reports that the defeat of Chairman Nix in Tuesday's primary has not had a negative impact on Civil Service Reform. Two possible reactions were anticipated. Nix would blame (at least partly) his defeat on the Administration and cancel or delay Committee action on the bill. This has not happened. As a matter of fact, his personal and committee staffs have told CSC CL staff that he is likely to return to Washington in a week or so and become a statesman in handling Civil Service Reform. The second reaction would be loss of internal discipline on the Committee, particularly among the three Civil Service Subcommittee Chairs: Clay, Spellman and Schroeder. Mo Udall's intervention as Coordinator/Broker on the Committee has kept things on track and there is little likelihood that things will get out of control because of the defeat of the Chairman. The Committee will meet Monday (May 22) at 9:30 to question Scotty Campbell following which they will discuss procedures for mark-up sessions. The date for the first mark-up session will slip from May 24 to May 31.

The Senate Government Affairs Committee had to cancel their first scheduled (May 18) mark-up on the Reform bill because of scheduling conflicts but has rescheduled that first mark-up for Monday (May 22).

CSC advises that there has been no activity by any Member of the House Post Office and Civil Service Committee on the "Lyle" report, nor has there been any significant reaction yet to the Lipshutz letter to Moss and others.

-- After your announcement on Tuesday, the plan will be submitted to the Ribicoff and Brooks' committees. The end of the 30-day amendment period will be July 10 and the 60-day clock will expire on August 9. Hearings will not be held on the plan until after the Memorial Day break.

#### Education

-- Hearings in the Senate Governmental Affairs Committee on Senator Ribicoff's bill to establish a Department of Education are completed and it is anticipated that mark-up will start mid-June. The transfer of Head Start, child feeding programs and BIA schools continue to be politically controversial and OMB's assessment is that Head Start will not survive mark-up.

-- Chairman Brooks and James McIntyre plan to meet next week to discuss timing and sponsorship in the House. Discussions with Chairman Brooks' staff suggest he might be willing to sponsor a bill this session, but he is concerned over the transfer of Head Start.

-- OMB is continuing to meet with key interest groups and has assigned Congressional contact lists to the favorable education groups.

-- Harrison Wellford has begun to establish a task force to plan and track the movement of the legislation on the Hill.

#### 4. HOSPITAL COST CONTAINMENT

-- The House Commerce Committee markup on the legislation had been scheduled for last week, but was postponed until next Wednesday, May 24. The vote looks very close with the opposition working hard against us and the question of an agreement with labor on the wage-pass through still up in the air. We have been working very closely with HEW and the House leadership to get the votes on the Committee.

-- Our best count looks as follows:

##### Firmly With Us (16)

Staggers (D-W.Va.)	Ottinger (D-N.Y.)
Dingell (D-Mich.)	Russo (D-Ill.)
Rogers (D-Fla.)	Florio (D-N.J.)
Van Deerlin (D-Cal.)	Moffett (D-Conn.)
Eckhardt (D-Texas)	Maguire (D-N.J.)
Preyer (D-N.C.)	Markey (D-Mass.)
Metcalf (D-Ill.)	Walgren (D-Pa.)
Scheuer (D-N.Y.)	Mikulski (D-Md.)

##### Firmly Against Us (14)

Satterfield (D-Va.)	Frey (R-Fla.)
Krueger (D-Texas)	Lent (R-N.Y.)
Gammage (D-Texas)	Madigan (R-Ohio)
Devine (R-Ohio)	Moorhead (R-Cal.)
Broyhill (R-N.C.)	Moore (R-La.)
Brown (R-Ohio)	Stockman (R-Mich.)
Collins (R-Texas)	Gore (D-Tenn.)

Leaning with Us (7)

Wirth (D-Col.)  
Sharp (D-Ind.)  
Carter (R-Ky.)  
Luken (D-Ohio)  
Murphy (D-N.Y.)  
Moss (D-Cal.)  
Waxman (D-Cal.)

Leaning Against Us (4)

Rinaldo (R-N.J.)  
Santini (D-Nev.)  
Marks (R-Pa.)  
Carney (D-Ohio)

Undecided (2)

Rooney (D-Pa.)  
Skubitz (R-Kan.)

-- Bill Cable and Jim Free will talk to all the "leanings" and "undecideds" prior to the vote. At Friday's CL meeting, we also assigned some of these Members to some of the agency CL officers. We will keep you informed on this count and may ask for your assistance through phone calls to a few targetted Members just prior to the vote. *ok*

5. AIRLINE REGULATORY REFORM

-- The bill is going to the Rules Committee next week. The problem is that Congressman Anderson wants to join the airline bills together (regulatory reform and noise). Our problem is that the noise bill looks like it's going to be more expensive in Titles II and III than the Administration can support. Senator Cannon does not want the bills combined. *I don't either*

-- DOT reports that the only major amendment adopted in the full Public Works Committee mark-up last Monday was offered by Congressman Harsha (R-Ohio) easing the fare flexibility the bill gives the airlines. Under the amendment, an airline that lowered fares on a particular route could restore the higher fare without prior CAB approval if it proved uneconomical.

-- Throughout the final mark-up, Congressman Levitas took aim at the Administration. He cited a statement issued by the White House Press Office, indicating the Administration did not fully support the House compromise and that the clarifying comments fell far short of what he had been told. He also had indicated that he would be reluctant to support the bill if the Administration did not keep its commitment and that any signs of "back-sliding, double dealing or craw-fishing" would lead him to ask the Chairman not to go to the Rules Committee. *typical of Levitas*

6. APPROPRIATIONS

Interior: This House Subcommittee held its mark-up session last Thursday. It recommended a net decrease of approximately \$118 million below our request of \$12.8 BILLION. OMB advises that this net reduction, however, reflects: (1) a decrease of \$394 million from requests for the Department of Energy, resulting from the lack of authorizing legislation, and (2) a "cut" of approximately \$180 million for all forest fire programs, reflecting the committee's desire to fund firefighting expenses after they have been committed. Thus, the bill actually contains discretionary increases of approximately \$450 million over our budget authority request.



-- The major changes to the request are outlined below:

+ \$188.2 million for certain programs of the Forest Service, including:

- + \$50.3 million for the forest roads and trails;
- + \$31.3 million for forest sales administration;
- + \$26.4 million for reforestation and timber stand improvement.

+ \$48.6 million for the Bureau of Indian Affairs;

+ \$48.2 million for the U.S. Geological Survey, primarily for exploratory drilling for the National Petroleum Reserve in Alaska (+ \$30.5 million) and for water resources investigations (+ \$14.2 million);

+ \$38 million in energy research and development programs particularly in research for developing oil from oil shale and for enhanced gas recovery;

-- Within the Land and Water Conservation fund, a requested \$63.7 million in National Heritage Preservation funds was denied, but an identical amount was provided instead for assistance to the States.

-- Action on this bill by the full House Appropriations Committee is scheduled for Wednesday, May 24.

Public Works: The House Public Works Appropriations Subcommittee recently completed action. In terms of water projects, the subcommittee added about \$200 million to our request for the Corps of Engineers and \$18 million for the Bureau of Land Reclamation. In addition to the acceleration of construction on existing projects, this money would fund 35 new construction starts for the Corps and six for the Bureau. The subcommittee indicated that almost all of these new starts would have a B/C ratio greater than or equal to 1.2.

-- The Subcommittee restored funding for a number of controversial "hit list" projects from last year. These include: Yatesville (now supported by Senator Ford), Merrimac (due for a state referendum), Narrows (previously deleted pending study completion), and two project modifications for Lukfata and LaFarge. The subcommittee also funded new studies for Fruitland Mesa and Savery Pot-Hook.

-- In the energy portion of the bill, the subcommittee made major reductions to the B-42 bomb and to capital construction accounts where requested full funding was denied. It also added \$400 million for energy technology including \$144 million to our \$13 million request for Clinch River breeder, which will be debated during floor action in the authorizing bill. Other energy increases include add-ons for geothermal energy, fusion, biomass, environmental research and the Portsmouth facility.

-- In total, the bill is unofficially \$20 million in budget authority under our budget request. However, the discretionary increases to the selected water and energy programs exceed \$600 million in budget authority, which involves a substantial shift in priorities from our request. Many of the offsetting cuts are essentially technical in nature and do not reflect substantive program reductions to offset the increases. OMB advises that given the water project new starts, the CRBR, and the energy increases, this bill should be monitored closely, since it is a potential candidate for disapproval.

*It will be a pleasure to veto*

Next Week in the Senate:

-- The Senate Appropriations Committee has scheduled three subcommittee mark-ups next week: Treasury-Postal (Tuesday), Labor-HEW (Wednesday), and Transportation (Thursday).

-- Concerning Labor-HEW, the House subcommittee, as reported earlier, contains \$887 million of discretionary budget authority increases over our request. The Senate side reports to OMB that Senator Magnuson is perhaps in a more fiscally conservative mood than usual, but is subject to spending pressures from 260 amendments which would add about \$7 BILLION to our request. OMB CL staff suggests that you may want to call Senator Magnuson and encourage him to fight these add-ons.

-- Joe Califano will meet personally with key members of the Subcommittee, including Magnuson, Brooke, Bayh, Eagleton and Mathias in an effort to hold as close as possible to your budget numbers. Jim McIntyre will also call these key members.

-- HEW advises that there are a large number of amendments which Senators intend to offer: the aggregate total could be as much as \$7.5 BILLION. OMB advises that, overall, the Senate may cut education spending slightly, but is expected to add funding for health programs, even though the House has already made significant program increases in this area. In terms of outlays, the Labor-HEW bill as approved by the House subcommittee will increase 1980 and 1981 spending well above our projected levels, which is an additional reason for close Administration scrutiny of the bill.

-- At the Transportation mark-up next week, the Senate subcommittee is likely to report a bill which is under the House bill in total program level. The subcommittee may approve the House's \$450 million program increase for mass transit, but will probably not accept Senator Brooke's effort to increase transit funding even higher. The Senate subcommittee may reduce the House's \$300 million Federal-aid highways increase and will eliminate funding for many of the general funded highway categorical grants. Possible increases above the House include \$100 million in program level for the airport grant program. OMB also believes that the transportation appropriations bill needs to be carefully monitored and will continue to report on its progress.

Next Week in the House:

*We should tabulate all proposed  
add-ons & send Cautionary letter to Congress*

-- The House Appropriations Committee plans to mark-up 7 bills next week: Treasury-Postal, State-Justice, Legislative, Interior, Military Construction, HUD-Independent Agencies and Foreign Assistance.

-- From the Administration's standpoint, OMB will be watching the following areas in the mark-up:

--State-Justice: The subcommittee added \$263.4 million for unrequested SBA programs. Much of this money cannot be used effectively. However, the full committee probably will not add any further funds to this budget.

--Interior: While the subcommittee total is officially below the Administration's request, the discretionary increases are of concern to OMB.

- HUD-Independent Agencies: The spending total for this bill is acceptable, but OMB is focusing on unrequested increases for the veterans' medical benefits (including the bed restoration), and for the addition of long-lead time funding for the fifth shuttle orbiter. There will probably be an add of between \$150-200 million to the veterans' budget. This an effort by the Appropriations Committee to respond to the increase level in the budget resolution for veterans and to dissuade active efforts by veterans' organizations to add further to the appropriations bill on the floor.

## 7. LABOR LAW REFORM

- We believe we are going to win this fight. White House staff not directly involved in the issue have been heard expressing pessimism about the chances of getting cloture. This must cease. That type of talk can be fatal in a cloture fight because it encourages those on the fence to hold out until later cloture votes in hopes the bill will be taken down.
- In fact, we have received sufficient commitments - some softer than we would like - to give us victory by the 4th or 5th vote. We are working closely with labor and they seem pleased with our efforts so far. The mood on the bill is upbeat and the Democratic leadership is increasingly confident that we will eventually have a victory on the domestic front to match those on Panama and Arms Sales.
- Thursday, we met with labor to devise plans for dealing with 11 key Senators. You will be asked to call some of them later in the week. The Vice President will also be active.
- The chief policy contact with the Senate on labor reform is Secretary Marshall. He has opened a satisfactory dialogue with Senator Byrd.

## 8. ALASKA D-2 LANDS

- We believe our surprisingly good showing in the House gives us some leverage with the Senators.
- In the Senate, you are already aware of our problems with Senator Stevens. Thursday, the Senator indicated he would seek joint referral of the House bill to the Commerce Committee of which he is a member, and to the Environment and Public Works Committee, of which Senator Gravel is a member. As you know, the primary committee is the Energy and Public Works Committee (Jackson). Jackson will resist joint referral, but Senator Byrd may not. Obviously, bringing two more Senate committees into the Act will cause untold delays.
- White House Congressional Liaison, Domestic Policy and Interior staff members will meet Monday to devise a strategy for the Senate. No doubt, an integral part of that strategy will involve a personal contact between you and Senator Byrd by mid-week.

## 9. TUITION TAX CREDIT

- The bill reported by Ways and Means is scheduled for floor action on Wednesday. The Rules Committee reported a modified closed rule which will permit an amendment on elementary and secondary tax credits (Vanik), an amendment to increase the size of

the credit (Vanik), and a tax deferral amendment (Mikva). The vote on the elementary and secondary education credit amendment will be close. We are working closely with HEW on this bill. At our Friday CL meeting, we passed around a targetted list of Members and asked everyone to help oppose all amendments and the bill.

#### 10. CLINCH RIVER BREEDER REACTOR/ENERGY AUTHORIZATIONS

-- The vote on the Science and Technology Committee's Energy Authorization bill, which funds the CRBR, is tentatively set for Thursday. On the CRBR, Rep. Flowers' recent look at running for the Senate has turned his attention away somewhat from the CRBR issue. DOE CL and WH CL are working for the votes.

-- OMB advises that in addition to the CRBR and Barnwell issues, the Administration also objects to the total funding levels in the bill (about \$252 million above the request).

-- In a jurisdictional complication, the Interstate and Foreign Commerce Committee's Energy Authorization bill is also tentatively scheduled for House floor consideration on Thursday. As of Friday, this Committee had not yet filed a report on its own bill, not on the Science and Technology bill. Both of these authorizations bills are subject to a rule being granted by the Rules Committee next week.

#### 11. NEW YORK CITY FINANCING

-- Last Tuesday, the Ways and Means Committee removed the tax exempt status for NYC federally-guaranteed bonds and adopted a provision prohibiting the Federal Financing Bank from purchasing NYC securities.

-- Treasury is working closely (they meet at least once a week) with the New York City and state lobbies and the various interest groups (e.g., labor, business, banks, cities, counties) that are supporting the legislation. These groups are spending their considerable efforts now on building support in the Senate Banking Committee. The tentative vote count in the Committee is:

<u>+</u>	<u>+?</u>	<u>?</u>	<u>-?</u>	<u>-</u>
Cranston	Stevenson	Lugar	Schmitt	Tower
Williams	McIntyre	Heinz	Proxmire	Garn
Riegle		Morgan		
Sarbanes		Brooke		
Sparkman				

-- Working with the lobbies, Treasury is also conducting a full poll of House Democrats. As can be expected, at this point most Members are saying that they are undecided.

#### 12. D. C. VOTING RIGHTS

-- Senator Kennedy has opened a campaign to get the D.C. Voting Rights Amendment scheduled this year. As you know, Senator Byrd has stated that the Amendment will not be scheduled. We believe the Majority Leader could never be convinced to schedule another issue that requires 2/3 approval in the Senate, particularly when Senator Baker has vowed to use "every means at his disposal" to prevent a vote.

-- Pro-Amendment forces have asked our help in getting the issue scheduled. Without disclosing Senator Byrd's confidential comments made to you, we have told Senator Kennedy and others that scheduling decisions are in the Majority Leader's province and that they should approach Senator Byrd and Senator Baker first. If these contacts reveal that Senate consideration this year is possible, then we have said we will support such an effort.

-- Even though the Amendment may not be scheduled until next year, this is still an issue that we can ride hard until the Senate takes it up. Black leaders are becoming more conscious of the Amendment. If the Republicans continue to fight the Amendment next year, we believe the hollowness of GOP "Black Outreach" programs will be exposed. If the Republicans relent and D.C. eventually gets two voting Senators and a voting Congressman, you will eventually get credit for a domestic human rights victory. Also, Democrats would probably win the D.C. seats. We win and the Republicans lose under either alternative. We should turn up the heat on this issue, even if Senate consideration is not imminent.

### 13. AGRICULTURAL ISSUES

Sugar: USDA will present the Administration's sugar program Tuesday to a skeptical House Agriculture Committee. The Department hopes to have the bill ready for introduction on Monday by Chairman Vanik of the Ways and Means Trade Subcommittee, which expects to begin hearings in June. An information campaign to demonstrate the superiority of the Administration's proposal to the suggested congressional solutions will begin next week.

Beef Imports: House hearings on beef import quota legislation take place Monday before Vanik's subcommittee, with the Administration opposing the Senate-passed Bentsen countercyclical approach. USDA advises that Vanik has pledged to support the Administration position but may be willing to provide some tradeoff for the cattle industry if consumer benefit can be shown by relaxing import quotas in shortage periods. The cattle industry is divided on the Bentsen bill due to modifications made before it passed the Senate by voice vote, so time seems to be on our side.

Farm Credit: Although no date has been set for the conference on the farm credit bill, it appears likely to be late next week. The House bill contains the Smith-Glickman amendment, which the Administration strongly opposes. It would place Farmers Home loans for housing on the same basis as HUD's housing loans. USDA advises that the most serious defect here is removal of the FmHA's traditional requirement for no-credit-elsewhere. USDA believes that the bill, with a few adjustments in conference, is generally acceptable. Its most significant feature is a new title authorizing agricultural loans up to a total of \$4 BILLION over a period of about 20 months, depending on enactment and signature.

### FOREIGN POLICY AND DEFENSE ISSUES

#### 1. TURKISH EMBARGO

-- As part of the strategy to have the Turkish embargo issue taken up first on the Senate floor, Secretary Vance will be seeing John Stennis on Monday in an effort to arrange hearings early in June before the Senate Armed Services Committee. Once we determine how much support we have in that Committee, we can better decide how to take the matter to the Senate floor and who will lead the battle. Next week, the Ambassador to Turkey, Ron Spiers, will be meeting with key House and Senate leaders to discuss the

program. The following week Al Haig will be in Washington and will similarly be seeing Senators and Congressmen on the Turkish embargo issue. A program has also been arranged for Turkish Prime Minister Ecevit on the Hill. Chairman Zablocki has arranged a reception on June 1 and the Senate Foreign Relations Committee has extended an invitation to Ecevit for the afternoon of June 5.

## 2. DOD PROCUREMENT AUTHORIZATION

-- The House Armed Services Committee reported bill, scheduled for floor action on Tuesday, authorizes programs at about \$4 BILLION over the budget request, adds Stratton's language prohibiting withdrawal of U.S. troops from Korea, authorizes a CVN carrier and makes other changes inconsistent with the Administration's request. Last week, White House CL worked with the House Rules Committee to allow the restrictions on Korean troop withdrawals to be stricken on a point of order which Chairman Zablocki will offer, and to make it procedurally easier to bring the Committee bill in line with the Administration's request.

-- Bob Carr (D-Mich.), a very junior member of the Committee who is viewed as anti-defense, will attempt to offer a substitute bill that eliminates the TRIDENT request this year because of management problems. Otherwise, his substitute is the Administration's bill.

-- The question facing us is whether we spurn Carr, Downey and other liberal Members of the Committee who have been generally sympathetic with the Administration's request and instead try to eliminate the bigger add-ons individually (i.e., strongly support efforts led by Aspin to substitute a CVV carrier for a CVN carrier). DOD argues that we can reduce the add-ons to a point close to an acceptable budget level without alienating the more senior and pro-military Members of the Committee. OMB argues that we could work with Carr and some other moderate House Members and put together an acceptable substitute.

-- If we go with Carr, the best chance for getting a respectable showing would be to accept some add-ons to his substitute on the floor in order to get enough support to have a shot at finally passing the substitute. The budget level outcome of going either way would probably be about the same.

-- If we side with Carr and other Administration supporters, you would probably be criticized as being soft on defense and it could impact on your public posture on SALT. This course would also require you to call the Speaker to ask him to postpone action until after the Memorial Day recess so that we could better plot strategy. Given the best breaks (for example, firmly lining up moderate support), success on a Carr substitute would still be questionable.

-- On the other hand, regardless of the outcome on the floor, if we take a tough stand against the Committee bill and the pro-military members of the Committee, we could gain increased credibility when we take on education, health, public works or health add-ons.

-- In any event, we recommend that you discuss the situation with Secretary Brown.

## 3. KOREA

*An position against add-ons should  
be as uniform as possible*

-- Korean policy will once again be highlighted next week with debate centering on Stratton's Korea troop withdrawal prohibition and Jaworski's efforts to get former Ambassador Kim Dong Jo's testimony under oath. At the prompting of Jaworski, Wright,

O'Neill, Rhodes and the members of the House Ethics Committee, introduced on Thursday a "sense of the House" resolution which would cut all direct and indirect economic assistance to Korea until Kim Dong Jo is made available to testify before the Committee. The resolution stirred up a hornet's nest when it was offered on the floor of the House and, after some confusion, it was withdrawn and has been sent to the HIRC. The HIRC will hear Christopher on Monday, and meet formally with Jaworski Tuesday afternoon. State advises that they probably will not report until after the recess, at which time they may report modified language or else report unfavorably on the whole idea.

*Jim against the resolution*

#### 4. CONGRESSIONAL TRAVEL DURING RECESS

-- State reports that the following congressional delegations (CODELS) are scheduled for the Memorial Day break:

##### CODEL SCHEUER

Participants: Reps. Scheuer, Erlenborn, Beilenson and staff

Itinerary: Cuba

Dates: May 25 - 31

Purpose: At invitation of Cuban government to study population and development, family planning and maternal and child health.

##### CODEL LLOYD

Participants: Rep. Jim Lloyd and family

Itinerary: Cuba

Dates: May 25 - 31

Purpose: Private visit at invitation of Cuban government.

##### CODEL WILSON

Participants: Reps. Wilson, Dickinson, Beard, Treen, Emery, Badham, Breckinridge, Kazen, Kemp and Dornan.

Itinerary: Geneva, Brussels

Dates: May 25 - 31

Purpose: For consultations on SALT, CTB and NATO.

##### CODEL KENNEDY

Participants: Sen. Kennedy, one staff member, State staffer

Itinerary: Geneva

Dates: May 28 - June 2

Purpose: SALT II

##### CODEL BURTON

Participants: Reps. Burton, Corrada, Clawson, Dodd, Garcia, Rose, Stark, Wilson, Goodling and staff

Itinerary: Brussels, Madrid

Dates: May 24 - 31

Purpose: Brussels - to attend spring session of North Atlantic Assembly. Madrid - to discuss U.S.-Spanish relations.

##### CODEL HAYAKAWA

Participants: Sen. Hayakawa, possible three staff members, one State Department escort officer.

Itinerary: South Africa, Rhodesia, Botswana, Zambia, Kenya

Dates: May 25 - June 5

Purpose: To discuss situation in Rhodesia with as many interested parties as possible, including members of Rhodesian government, Patriotic Front and front line states.

CODEL MURPHY

Participants: Rep. John M. Murphy

Itinerary: Athens

Dates: June 6 - 11

Purpose: To address the Posidonia Forum on June 9.

CODEL RIBICOFF

Participants: Sens. Ribicoff, Hansen, Roth, Bentsen, wives  
, of Senators, staff members

Itinerary: Geneva, London, Bonn

Dates: May 25 - June 3

Purpose: Geneva (May 25 - 31) for MTN and SALT (entire CODEL).  
London (May 31 - June 3) Sen. Ribicoff and five  
staff members to discuss trade matters with British  
government officials. Bonn (May 31 - June 3) Sen.  
Roth and one staff member to discuss trade matters  
with FRG officials.

MISCELLANEOUS

-- Rep. Nix has not blamed us or Ambassador Young for his primary defeat.

-- It looks like social security financing is finally dead this year. However,  
Pete Stark said he and other Democratic Caucus resolution sponsors, George Miller  
and Jim Burke, would go back to the Caucus to attempt further action.

-- Senator Clark has some troubling polling data showing his support dipping somewhat.  
Consequently, he was upset when news reports from the last leadership breakfast  
implied the Clark amendment was a significant restriction on dealing with the Cubans  
in Africa. His GOP opponent attacked him on this point.

-- It's still slow going on getting all the urban policy legislative pieces up to  
the Hill.

-- Commerce advises that they need some guidance soon on how firm to be in discussing  
opposition to a third round of local public works. Senior Members of the House Public  
Works Committee (Johnson and Roe) are interested in helping with the Labor Intensive  
Public Works piece of the urban policy package, but they also continue to express  
their interest in a third round of local public works. *Minimize spending*

-- HEW reports that if ever there were an issue that is up one day and down the next,  
it is welfare reform. Last week it was up following a colloquy between Al Ullman and  
Jim Corman during a meeting of the full Ways and Means Committee. In the presence of a  
number of Committee members, Ullman and Corman were positive about their intentions to  
cooperate and try to move something. Ullman indicated that if an agreement could be  
reached on a package within the next three weeks, the Committee could take up a  
welfare bill. Secretary Califano, Stu, Ullman, Corman, Rangel and the Speaker are  
scheduled to discuss the issue over lunch next week.

-- On consumer issues during the last two weeks, Esther Peterson and her staff have:  
--successfully helped add public participation language to the Nuclear Regulatory  
Commission's authorization bill in the House Commerce Committee;  
--successfully helped get No Fault through the Senate Commerce Committee;  
--continued to work closely with staff on the Senate Judiciary Committee on  
public participation funding legislation;



- contacted members of the House Appropriations Committee about a subcommittee action which would effectively prevent the Federal Trade Commission from regulating children's advertising on television; and
- contacted the Chairman of the Senate Appropriations Subcommittee on Transportation on behalf of the Civil Aeronautic Board and National Highway Transportation Safety Administration requests for sums to fund public participation.

-- As you may know, Senator Jackson and his staffer, Richard Perle, are preparing a report on SALT matters on which the Administration has not "consulted." You will get a memo on this sensitive issue soon.

-- Senator Gravel told Bob Thomson tonight, in a friendly manner, that he and Senator Stevens were prepared to filibuster every item that came up on the Senate calendar if Senator Byrd schedules Alaska Lands.

-- Four-star rave reviews tonight.

FLOOR ACTIVITIES, WEEK OF MAY 22

Monday -- 5 suspensions:

- 1) Objection to Consolidation of Certain Education Advisory Councils  
According to OMB, the Administration strongly opposes this resolution, sponsored by Chairman Perkins, which has the effect of disallowing a proposal made by the Education Commissioner in his annual report last February on the operation of the Office of Education, for consolidating several statutorily-created advisory councils.

Under the General Education provisions Act, the Commissioner may propose abolition or consolidation of advisory councils in his annual report. Unless either the House or Senate objects within 90 days, the proposals take effect. The resolution would exercise this one-House veto authority.

- 2) Cooperative Forestry Assistance Act. Agriculture Committee report unavailable for analysis.
- 3) Forest and Rangeland Renewable Resources Research Act. Agriculture Committee report unavailable for analysis.
- 4) Renewable Resources Extension Act. Agriculture Committee report unavailable for analysis.
- 5) Forest Service Volunteers Program. This Senate bill removes the \$100,000 annual authorization ceiling imposed on the Forest Service to carry out volunteer programs. The Administration supports the bill.

-- Nondiscriminatory Treatment with Respect to Hungarian Products

This resolution gives congressional approval of the extension of non-discriminatory treatment for the products of the Hungarian People's Republic, as provided in the Presidential proclamation of April 7, 1978. The Administration strongly supports it.

-- Military Construction Authorization

The bill authorizes \$4,169,444,000 for military construction, a reduction of \$78,365,000 from the Administration's request. The Administration supports the bill.

-- Commerce Department Maritime Authorization. Rescheduled.

Tues. -- 6 suspensions:

- 1) Hawaiian Native Claims Study. Rescheduled.
- 2) Reimbursement of Social Services Expenditures.

The bill would authorize the appropriation of \$543 million in FY 79 for HEW to settle outstanding State social services claims for more than \$2 BILLION for the period prior to October 1, 1975. The bill is based on and very similar to the Administration's proposal, and we support it.

- oppose*
- 3) Domestic Violence Assistance Act. This bill, which would create a new Office of Domestic Violence within HEW, is opposed by the Administration at this time. The human services reorganization project is considering the proper organization and relationships of social services. The White House Conference on Families will be considering domestic violence and the impact of Federal social services on family stability. Therefore, OMB reports that it is premature to enact legislation in this area at this time. White House CL has asked the leadership to pull the bill from the schedule.
- 4) Tax Treatment of Payments to Certain Relatives for Child Care Services. The Administration does not oppose this bill which would eliminate the requirement of present law that child care services performed by relatives must constitute 'employment' within the meaning of the social security tax definition in order to qualify under the child care credit provisions.
- Why not?*
- 5) Tax Treatment of Returned Magazines, Paperbacks and Records. The Administration does not oppose this bill which would allow publishers or distributors of magazines, paperbacks, or records to exclude from income, amounts attributable to items returned within a short period of time after the close of the taxable year in which the sales of the items were made.
- 6) Common Market Restrictions on U.S. Exports of Certain Processed Fruits and Vegetables. According to OMB, the Administration takes no position on this resolution.

-- DOD Authorization.

Wednesday -- Tuition Tax Credit.

-- DOE Authorization (Science & Technology Committee)

Thursday -- DOE Authorization (Interstate & Foreign Commerce Committee)

-- Flexible Workweek. Rescheduled.

-- Civil Rights for Institutionalized Persons (conclude consideration).

-- FEC Authorization. This bill will probably be dropped from the schedule. There is considerable maneuvering over a public financing of congressional campaigns amendment.

-- At 11:00 AM on Thursday, the House will receive former Members.

Friday -- No session. The House will reconvene the following Wednesday.

Senate

-- The Senate will continue debate on Labor Law Reform.

THE WHITE HOUSE  
WASHINGTON

FOR THE RECORD:

THE VICE PRESIDENT WAS GIVEN  
A COPY OF THE SPEECH ON  
MAY 23, 1978

Fritz: You may wish to mention pressure from  
munitions manufacturers, ASAT, Perez' effort  
to limit conventional arms in L. America,  
b) expand on our arms sale policy (unilateral)  
c) strengthen OAS, OAS role to minimize outsiders' intrusion -

VICE PRESIDENT MONDALE'S  
ADDRESS TO UNGA SPECIAL SESSION ON DISARMAMENT

May 24, 1978

Check with  
Cy, Harold & Tody on  
Jerry

I am honored to represent the President of the United States at this Special Session on Disarmament of the United Nations General Assembly. J

The nations of the world are gathered here today to pursue the most vital and solemn obligation of the United Nations Charter -- "to save succeeding generations from the scourge of war."

We meet today at the initiative of the non-aligned states. These nations, comprising the bulk of the world's people, are particularly aware of the helplessness and hopelessness spawned by the arms race. I salute them for calling us together to confront this challenge.

And we applaud, as well, the dedication and contribution of the many non-governmental organizations represented here. The arms race touches the lives of every man, woman and child in the world. The control of arms is too crucial to leave to governments alone. You are our conscience and inspiration.

My beloved friend, Hubert Humphrey was one of the earliest voices calling for arms control and disarmament.

He said:

"Ours is a new era, one which calls for a new kind of courage. For the first time

in the history of mankind, one generation literally has the power to destroy the past, the present, and the future; the power to bring time to an end."

And if we do not curb the arms race, we not only threaten the future, we impoverish the present.

While the people of the world cry for food and shelter, for medicine and education, the vast resources of our planet are being devoted more and more to the means of destroying, instead of enriching, human life. The global cost of arms has reached \$400 billion a year. The world is spending almost \$1 million a minute for weapons. Over 23 million men and women are under arms around the world.

No world leader; no parent; and no individual human being on this earth can live securely in the shadow of the growing world arsenal. But in the face of that mounting danger, this conference is a symbol of hope.

This Special Session on Disarmament of the United Nations General Assembly is of fundamental importance to greater progress toward disarmament and a world in which the threat of war is vastly diminished and the security of each nation more fully ensured.

The United States attaches major importance to the work of this conference. Last October, President Carter

made a special trip to the United Nations to emphasize America's strong commitment to arms control and disarmament. He stressed our willingness to work toward a world truly free of nuclear weapons. He pledged our total commitment to reversing the build-up of armaments and reducing their trade.

Since that time, the United States has been engaged in the broadest set of arms control negotiations in our history. We and our negotiating partners have developed an agenda more extensive than any nation has ever attempted.

We are taking concrete actions in ten different areas -- from nuclear weapons accords, to regional restraint, to limits on conventional and unconventional arms such as anti-satellite and radiological weapons.

Before too long, the United States expects to accomplish two historic achievements:

- For the first time since the dawn of the atomic era, agreement to reduce the combined total of strategic nuclear weapons delivery vehicles of the Soviet Union and the United States; and
- After two decades of negotiations, a Comprehensive Test Ban controlling nuclear explosions by the United States, the United Kingdom and the Soviet Union.

The United States welcomes this opportunity to review what is being accomplished, to chart our course for the years ahead, and to rededicate ourselves to success.

Today, I want to outline America's visions of the future and the practical steps necessary for its achievement. To avoid a world a decade hence in which three-quarters of a trillion dollars is spent on arms, in which there are more nuclear weapons states, we must have a program that is bold in concept and realistic in action.

Realism requires that we face squarely the central issue of the arms race -- the concern of each nation and government for the security of its people. If the arms race were driven by madmen, there would be no hope. Controls would be beyond the reach of rational discourse. Irrational forces no doubt play a part, but the arms race is driven by other considerations as well -- technology, international tensions, legitimate security concerns.

The prudent policy of any nation must include both sufficient military preparedness and arms control efforts -- if its security is to be assured. In the short run, no nation can be asked to reduce its defenses to levels below the threats it faces. But in the long run, without arms control among nations, weapon will be piled on weapon with a loss in security for all.



- 5 -

This meeting at the United Nations and the NATO Summit next week in Washington dramatize the United States' determination to take every step possible toward greater arms control while at the same time assuring essential security needs.

*Isn't it  
much less  
than during  
Vietnam  
war -*

Today, our defense budget is no larger in real terms than in the 1950's. But other nations have increased their budgets annually three to four percent over the past fifteen years.

We and our NATO allies are strong, and we will remain so to provide for the defense of our peoples. But we face a buildup of unprecedented proportions in Europe. The Warsaw Pact has developed a 3-1 advantage in tanks. The SS-20 nuclear missile now being deployed against Western Europe is a new departure in destructive power and a substantial increase in the nuclear threat of the Soviet Union.

The NATO Summit meeting next week in Washington will recommit the Western democracies to a military posture capable of deterring and defending against attacks. We will remain prepared to resist attack across the spectrum of conventional, tactical nuclear and strategic forces. In the light of the continuing buildup of Warsaw Pact forces, we will moderately increase the defense budgets of our nations. We do so not from preference but necessity.

At the same time, the NATO Summit will reaffirm and emphasize the commitment of the West to the other dimension of our common security policy -- the pursuit of arms control. We will address the arms control initiatives the West has recently taken and will continue to take. We will offer our continued strong support for the success of the Special Session.

#### Program of Action

And today I want to set forth bold objectives and realistic steps -- a vision that should guide our arms control efforts, and that can help us develop the centerpiece of our work over the next few weeks -- the Program of Action.

First, we should substantially scale down the number of strategic nuclear arms and place increasingly stringent qualitative limitations on their further development.

The United States recognizes that it bears, together with the Soviet Union and other nuclear weapons powers, a very special responsibility. The SALT II agreement which is rapidly taking shape will:

- Reduce the number of strategic delivery vehicles now in existence and put a ceiling on the remainder.
- Establish sublimits on those systems which are most threatening and destabilizing.

- 7 -

Impose restraints on the improvement of existing weapons and the development of new and more sophisticated systems.

Equally important, it must and will be adequately verifiable. Neither side can be permitted to emerge suddenly superior through undetected cheating, thus upsetting the strategic balance upon which deterrence of nuclear war depends.

Successful SALT II negotiations will make a major contribution to peace. SALT II serves all nations' interests. It deserves universal support.

But SALT II is only a step in a very difficult long-term process. We hope soon to begin SALT III. The United States is committed -- and I emphasize this point -- to a substantial further reduction in nuclear delivery vehicles and to still stricter limitations on modernization and new types.

A commitment by others will also be required. Soviet theater nuclear forces have increased. The most significant development has been the deployment of the SS-20 -- a new, mobile intermediate-range ballistic missile. Each one of these missiles, which may number in the hundreds when deployment is complete, carries three nuclear warheads, each with an estimated yield of 500 kilotons. This high-yield,

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SALT -  
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coupled with the SS-20's accuracy, has significantly increased the Soviets' military capability against both military and civil targets. But the high yield also means that damage to innocent civilians would be extensive, with effects extending 16 kilometers from an explosion. The missile is capable of striking targets not only in Western Europe, but in Asia, Africa and the Middle East. Its deployment runs totally contrary to all that this Special Session seeks to achieve. What can justify this escalation in nuclear arms? It is my hope and that of people everywhere that a decision will be taken to cease deployment and to remove this new weapon which endangers so many millions of people.

#### Comprehensive Test Ban

Second, on our agenda, there should be an end to explosions of nuclear devices.

Soon after his inauguration, President Carter announced his intention to "proceed quickly and aggressively with a comprehensive test ban treaty . . . eliminating the testing of all nuclear devices, whether for peaceful or military purposes." Subsequently, the United States, the United Kingdom, and the Soviet Union entered into trilateral negotiations aimed at accomplishing this historic objective. If successful, this will represent the culmination of a

process which began in the late 1950's and will build on the interim results of the Limited Test Ban Treaty of 1963 and the bilateral Threshold Test Ban and Peaceful Nuclear Explosions Treaties which were signed by the US and USSR in 1974 and 1976 respectively.

A comprehensive test ban would freeze nuclear weapons technology and place an important qualitative constraint on further improvements in existing nuclear weapon stockpiles. It would make a major contribution to curbing the nuclear competition between the superpowers and -- through lessening incentives for the development of nuclear weapons by non-nuclear weapons states -- would re-enforce the non-proliferation treaty, strengthening international efforts to prevent further proliferation of nuclear weapons.

Finally, acceptance of this constraint by the nuclear weapons states would represent a major step towards fulfillment of their obligations under the Non-Proliferation Treaty and symbolize their determination to achieve a more peaceful and stable world free from the threat of nuclear devastation.

Trilateral negotiations are currently in progress in Geneva and important progress has been made towards an adequately verifiable comprehensive test ban agreement. Once trilateral agreement is achieved, we will move vigorously

to seek a multilateral comprehensive test ban treaty with the goal of adherence by all states. This is a vitally important goal -- all nations must be persuaded to stop testing.

The continued explosion of nuclear devices has been the major symbol of man's unwillingness to put aside the further development of the world's most devastating weapons. It can, must, and will be stopped.

Third, as we limit and reduce the weapons of existing nuclear states, we must work in concert to ensure that no additional nuclear weapons states emerge over the next decade and beyond.

I was speaking before a group in Illinois last Saturday night. And the hall where we were meeting was decorated for a high school dance that was going to be held immediately after we were through. And I told the audience that what I worry most about for those kids who would soon be taking our place is whether our generation will be wise enough in the next few years to somehow put the genie back in the nuclear bottle so that we don't let nuclear technology and nuclear weaponry become so dispersed around this world that it will become almost impossible to protect the next generation from a nuclear holocaust. We cannot permit that to occur.

The possible spread of nuclear weapons to an ever increasing number of countries and regions is a chilling prospect, bringing ever closer the probability of their use. Such proliferation would seriously heighten regional and global tensions, impede peaceful commerce in the field of

nuclear energy, and make vastly more difficult the achievement of nuclear disarmament.

The United States understands the concerns of some non-nuclear weapons states that they are being discriminated against. To help meet these concerns and to prevent the proliferation of nuclear weapons:

-- I reiterate today the solemn declaration which President Carter made from this podium in 1977. The United States will not use nuclear weapons except in self-defense; that is, in circumstances of an actual nuclear or conventional attack on the United States, our territories or armed forces or such an attack on our allies.

-- Additionally, within the United States we will seek ~~Congressional approval~~ for new and expanded contributions to the peaceful nuclear programs of states which support non-proliferation.

-- We will pursue the International Nuclear Fuel Cycle Evaluation, to explore further how to ensure the benefits of nuclear energy to all without its proliferation risks.

We must double our efforts to increase still further the distance between the military and peaceful uses of nuclear energy. Nuclear power stations should produce energy for people and not plutonium for bombs.

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We should learn from the example set for us by Latin America and expand the regions of the earth where nuclear weapons will not be permitted. At the initiative of several Latin American nations, the Treaty of Tlatelolco (Tah-lotta-loco) which bans nuclear weapons from the area was negotiated and signed in Mexico City in 1967. Since then, almost all potential parties to the Treaty have signed. The United States signed last year. And, the United States congratulates the Soviet Union for its recent signing of Protocol II of the Treaty.

Argentina?  
Cuba?

There is now only one country in this region which has yet to indicate its intention to sign. That should be remedied now.

It is our hope that the Treaty will come into force within a year, thereby creating the first nuclear weapons-free zone in the world. It is our hope that Latin America's initiative will be a model for other regions to emulate.

Fourth, as we move to gain control over the nuclear threat, we must seek mutual agreement to ban other weapons of mass destruction.

We have made some progress in recent years by prohibiting biological weapons. The United States and the Soviet Union are moving closer to an agreement on banning radiological weapons, which we would then put before the Conference on the Committee on Disarmament. Our discussions on chemical weapons are proving



more difficult. The United States is committed to finding a solution, assuming there is a fair-minded approach on the other side. Any agreement on chemical or new and exotic weapons must, of course, be adequately verifiable.

#### Conventional Arms Transfers

Fifth, we must immediately slow down and then reverse the sharp growth in conventional arms.

The vast bulk of the \$400 billion spent for military purposes in 1976 was spent on conventional weapons.

We recognize the legitimate concern of consumers that they not be arbitrarily denied access to arms needed for their defense. Such needs must and will be met. At the same time there is room for a vast reduction in the flow on conventional arms.

Fresh thought is required if we are to devise long-term policies to come to grips with this neglected, increasingly important dimensions of arms control.

But we can also take action now. Fueling the conventional arms race is the rapidly expanding international trade in these arms. There has been a sixty percent increase in the value of arms imports and exports from 1966 to 1976. A limited but growing number of suppliers and recipients accounts for most of this twenty

billion dollar trade.

*Be more  
specific  
# sales,  
new weapons  
into a  
region,  
etc.*

The United States has on its own initiative begun to reduce the volume of the arms it sells. Recognizing that the problem requires action by all suppliers, we have initiated discussions with other major suppliers and consumers. However, the results have so far been modest.

-- And it will be increasingly difficult for us unilaterally to sustain our policy unless there is more rapid movement toward a meaningful multilateral effort at restraint.

#### Regional Arms Control Arrangements

Sixth, regional arms control arrangements and capabilities should be expanded and strengthened.

Regional arms control is at a very primitive stage. Few negotiations are underway. Only a few nations have the technical competence required to verify agreements. Many of the techniques, like confidence-building measures which increase predictability and lessen the fear of sudden attack, are largely untried.

For our part, in Europe, the United States and our Allies have recently taken an initiative to get the five-year old MBFR talks moving and we will be following up with recommendations for a package of associated stabilizing measures later this year. In still another region, while we have proposed and commenced talks with the Soviet Union on arms limitations in the Indian Ocean, the recent increase in the Soviet naval presence there is now

*True?*

-15-

a barrier to the talks' success.

Avoid  
Connotation of  
spying

Beyond our own negotiations, the United States would like to stimulate regional arms' control efforts by offering others assistance with verification and stabilizing measures.

--/ Our experience in the Middle East has demonstrated that technical assistance with monitoring systems such as aerial photography and ground detection devices can play a part in creating the confidence necessary for disengagement agreements and stabilizing measures to work.

-- Building on that experience, we are prepared to consider joint requests, preferably through the United Nations or regional organizations, for "eyes and ears of peace" from countries that want such monitoring services to verify agreements undertaken to improve stability.

-- We would like to assist in the adoption of confidence building measures in regions where they have not already been initiated. To that end, the United States is prepared to provide specialists to assist states in examining how to apply confidence-building and stabilizing measures to include notification of maneuvers, invitation of observers to maneuvers, and UN machinery to promote such measures.

Seventh, we should fully develop the institutions and expertise required for arms control.

We must continue to strengthen UN arms control institutions without undercutting those institutions we have developed. While we are prepared to consider changes in the CCD, our major concern is to ensure the continued productive activity of a serious negotiating body operating by consensus.

Peacekeeping and peace-making capabilities of the United Nations and of regional organizations like the OAS and the OAU should be an integral part of arms reduction efforts. At this moment UN forces in Lebanon, Cyprus, the Golan Heights and Sinai are making it possible for negotiations to move toward lasting peaceful settlements.

To make these UN efforts even more effective, we propose the establishment of a UN Peacekeeping Reserve Force. Such a force would comprise national contingents trained in UN peacekeeping methods and earmarked by their governments for UN duty. This Peacekeeping Reserve would be drawn upon by the Secretary General whenever the Security Council decided to establish a UN force to maintain international peace and security.

There is also a critical national dimension to strengthening the institutions and expertise needed for arms control. In the case of my own government, it was not until the early 60's, after years of effort, that we had built up the expertise necessary to master and advance complicated disarmament proposals which had a genuine prospect of success.

Let each of us resolve at this session that each of our nations will examine the priority which we now give disarmament, both in terms of budgets and personnel, so that the expertise of the international community devoted to this high purpose will be substantially increased in the years to come.

Resources for Economic and Social Development

Eighth, arms control agreements should begin to release additional resources for economic and social development.

If we determine collectively to do so, we have the capacity to eliminate the worst manifestations of poverty from the world by the end of the century. Unfortunately, a major stumbling block to development lies in the tremendous expenditure of resources, of managerial and technical skills, and of leadership attention devoted to building military strength. The developing countries' share of world military expenditures have grown from 15 percent to 22 percent, and the developing nations are now spending a greater portion of their GNP for military purposes than the developed countries. We must establish a better balance between the worldwide resources devoted to military purposes and those devoted to economic development.

As nations satisfactorily conclude arms control agreements and show restraint in arms expenditures, the United States

-18-

favors re-allocating funds to development projects which previously were earmarked for military assistance.

Our ability to redirect funds for development is commensurate with the willingness of other nations to limit their current arming of developing nations. If the United Nations is to deal effectively with the problems of development, we cannot have countries pouring arms into the developing world while at the same time devoting minimal funding to development assistance. We cannot have nations using their military power to exploit differences between nations and exacerbating serious conflicts.

My country for years sought to limit military shipments to Africa. Our economic development assistance far outstrips the amount of military assistance we have provided. In 1976, the United States contributed \$300 million in military assistance. This record, with its emphasis particularly on funding for food, stands in marked contrast to the predominant military assistance extended by others. Our orientation represents, I believe, a far better contribution to the long-term evolution of Africa. The choice here is one of encouraging the constructive and creative capabilities of the developing world, or of encouraging those tendencies which generate conflict. We place our hopes in development.

To use  
a specific  
figure like  
this sounds  
like a lot -

Greater consciousness of the relationship between disarmament and development should inform and give urgency to the seven preceding arms control objectives.

In addition:

- We strongly support the UN Study of Disarmament and Development and this study should include consideration of the economic problems consequent on disarmament.
- We favor efforts to reduce military expenditures, and have volunteered to provide our own, accurate national military expenditure information to a UN pilot project testing a method to measure such expenditures.
- We encourage others to be equally open. Greater openness about military expenditures is a necessary companion to arms restraint. Over time, openness can gradually replace fear with trust, promote confidence, encourage self-restraint and eliminate needless sources of conflict.

#### CONCLUSION

We owe the peoples of the world no less. For the success or failure of our efforts will determine, more than any other endeavor, the shape of the world our children will inherit, or whether they will inherit a world at all.

No matter what nation we are from, no matter what our politics or ideology, our children are 100 percent of our future. We owe them 100 percent of our efforts to halt the arms race today. Arms control must not be the agenda only of this conference or this year alone. Our progress toward the goals we share must be kept in full view of the world community at all times. We need the pressure of world opinion to give urgency to our task. And that is why the United States calls on this conference to agree to follow up our efforts with another Disarmament Conference of the General Assembly in 1981 to monitor the progress we have made and to keep before us the agenda of issues which still must be resolved.

Thirty-three years ago, President Harry Truman addressed the first delegates to the United Nations at their meeting in San Francisco. He said:

"By your labors at this conference we shall know if suffering humanity is to achieve a just and lasting peace."

That is still our challenge today. The world watches what we do here; and mankind's deepest hopes are with us today.

If each of our nations can look beyond its own ambitions; if we can overcome the barriers of history and geography



and fear; and if we can bring to the work of this conference the deepest yearnings of the people we represent, then we shall have served all the world's children by our efforts and, in the words of Isaiah, "the work of righteousness shall be peace."

Thank you.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

May 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO *JC*

SUBJECT: Welfare Reform

I will meet tomorrow with the Speaker, and Congressmen Corman, Rangel, and Ullman, to determine if we can achieve a compromise on a significant, incremental welfare reform bill. HEW, working with Stu's staff and Congressional staff, especially on the House side, has developed broad and tentative specifications for such a bill (see Tab A). This memo, which is simply intended for your information, will briefly describe this possible package, contrasting it with our original proposal, the Program for Better Jobs and Income (H.R. 9030).

Some who seek welfare reform but who oppose your proposal criticize it as "too big" and "too costly." For a variety of reasons, retention of the Food Stamp program ("cashed-out" by PBJI) has been central to most incremental packages. Accordingly, efforts to achieve a compromise have focused on developing a proposal that retains Food Stamps and is less expensive than either our bill or the Corman Subcommittee's version while fulfilling, at least in part, many of the goals of both.

At this point it appears that the following features could characterize an incremental welfare package capable of attracting sufficient support to pass at least the House this year, and perhaps the Senate as well.

- Retain the Food Stamp program for families with children, single persons and childless couples, but cash out Food Stamps for the aged, blind, and disabled recipients of Supplemental Security Income (SSI).
- Retain the SSI program as is (aside from Food Stamp cash-out).

- While full consolidation of AFDC, Food Stamps, and SSI does not appear at this time, we believe substantial simplification and rationalization of AFDC and Food Stamps is possible (e.g., use of common definitions of income and assets.)
- As in our bill, extend cash assistance to two-parent families (by mandating the AFDC-Unemployed Fathers programs to all States), but do so in a way that limits the range of cash assistance and provides assistance to working families through wages from PSE jobs, EITC benefits, and Food Stamps. This approach will be more popular in the Senate Finance Committee than our bill or the Corman bill because it will put fewer two-parent families on cash assistance.
- As in our bill, provide a national minimum benefit for families with children at 65% of the poverty line (\$4,200 in 1978), composed of AFDC or AFDC-UF and Food Stamps. The Federal government would fund all (or nearly all) of the minimum benefit and subsidize State supplements up to the poverty line. The Federal government would not subsidize benefits to two-parent families whose incomes exceed 80 percent of the poverty line.
- As in our bill, expand the Earned Income Tax Credit and make it a principal source of income supplementation to low-income working families.
- As in our bill, expand the number of employment and training opportunities available for the low-income population. While things remain to be firmed up, we believe that 600,000 to 700,000 new PSE slots would be needed in a scaled-down welfare reform package. This compares with the 1.1 to 1.4 million full-time slots we proposed to fund in our original bill.

The net cost of this package in 1982 dollars (using Congressional assumptions) is in the \$10 billion to \$11.5 billion range, including one billion dollars of fiscal relief. CBO estimates that our original bill would cost \$19 billion and the Corman bill would cost \$20.2 billion. Al Ullman's incremental bill costs at least \$7 billion.

I believe we have a reasonable chance of moving such a bill in the House this year if we can get Ullman and Corman together. The incremental approach sketched out above is, as indicated, more generous than Al Ullman's present bill, and, even if we can get Corman to move toward the compromise, it may be hard to move Ullman much further. There is no chance to enact a more ambitious package. In terms of what we give up, I believe the following are the most important:

- Consolidation of the three major income support programs.
- Cash-out of Food Stamps (except for the SSI population).
- Covering with cash the single persons and childless couples that comprise a substantial part of the General Assistance caseloads of the cities and counties.
- A larger jobs program.
- Greater Federal control of the administration of welfare programs.

We gain a national minimum benefit, increased jobs and employment tax credits for the low-income population, nationwide coverage of two-parent families, some program simplification, and the ability to say that the Administration has made substantial progress toward one of your major goals -- welfare reform. This bill will also be a strong foundation for further reform. It is well worth taking and running with. If we can get it, I would consider it a significant victory for you and a major step forward.

One problem: If we embrace an incremental bill, there will be pressure to make it effective quickly, and this could cause strains in the Administration's budgetary projections.

## SPECIFICATIONS FOR COMPROMISE WELFARE REFORM PROGRAM

### Changes in SSI Program

- o Increase SSI benefits to reflect cashing-out of Food Stamps for SSI recipients (roughly \$20 for individuals, \$40 for couples); index to CPI.
- o Make SSI recipients ineligible for Food Stamps.
- o Amend Food Stamp Act so as not to count members of SSI units as part of Food Stamp unit.

### Changes in AFDC (and Conforming Changes in Food Stamp Program)

#### 1. Administration

- o Uniform state-wide administration by single state agency (same agency that administers Food Stamp program).
- o Eventual phase out of local administration and financial participation.
- o More specific authority in Secretary to prescribe the requirements for efficient administration, including data processing, participation in information exchanges, and uniform national application form for both AFDC and Food Stamps.
- o Mandate sex-neutral AFDC-UP program without workforce attachment or 100-hour limitations, but with limits on State supplements (see No. 8 below).

#### 2. Treatment of Income

- o Count stepfather's income unless affidavit filed on non-availability.
- o Adopt Food Stamp law income exclusions in AFDC:
  - in-kind income,
  - irregular income,
  - tuition grants,
  - loans,
  - care and maintenance of non-household members,
  - earned income of students,
  - lump sum payments,
  - cost of producing self employment income, and
  - reimbursements for expenses.

- o Additional income exclusions contained in H. R. 10950:
  - housing subsidies,
  - emergency assistance, and
  - foster care payments.
- o Deduction of payments of alimony and child support to other families.

### 3. Assets

- o Adopt Food Stamps law asset limit in AFDC: \$1750 or \$3000 for a family of two or more where one individual is over age 60.
- o Exclusions - same as Food Stamps.

### 4. Accounting Period and Reporting

- o One month retrospective accounting in both AFDC and Food Stamps.
- o Authority to require periodic reporting in both AFDC and Food Stamps.

### 5. Work Requirements

- o All adults required to work except:
  - second adult in two-parent family,
  - adult responsible for care of child under 7 or incapacitated person (with part-time work requirement where youngest child is 7-13),
  - student working half time,
  - individual employed at least 30 hours a week at minimum wage.
  - alcoholics and drug addicts in treatment programs  
(Same requirements in Food Stamps)
- o Penalty for violation of work requirement (for both 2-parent and single-parent families) - elimination of benefits attributable to individual, not whole family. (If possible, change Food Stamp law to same effect.)

## 6. Benefits

- o Basic benefit levels (including Food Stamps) same as in H. R. 10950, family-size conditioned for both single-parent and two-parent families, with possible cap on family size for cash payment.
- o Benefit levels indexed to Consumer Price Index. Change Food Stamp law to index Food Stamp benefits to same index.
- o Real benefit increase in basic benefits of 5% in 1983, 5% in 1985.

## 7. Benefit Reduction Rate and Work Expenses

- o 60% on earned income.
- o 100% on unearned income, including EITC.
- o No work expenses except for child care.
- o Deduction for child care to \$150 a month per child; \$300 maximum.
- o Tax EITC in Food Stamps as well as AFDC.

## 8. Supplements/Financing

- o Federal government pays 100% of basic benefit
- o Federal government pays 45% of supplement to poverty line or current benefits, whichever is higher, except no higher than 80% of poverty line for UP families.
- o Supplements with higher benefit reduction rates than 60% will be treated as unearned income and taxed at 100% in AFDC.

## 9. Emergency Assistance

- o \$200 million block grant (in 1978 dollars, indexed) (to replace existing IV-A Emergency Assistance program). Use H. R. 10950 language.

10. Interim Fiscal Relief

- o Specs per Moynihan agreement

11. EITC

- o 20% to \$5600 (1978 dollars; bill would specify number for 1981)
- o 20% phaseout
- o Phaseout point is \$11,200
- o No family-size conditioning
- o Administered through withholding system
- o PSE jobs ineligible for EITC

12. PSE Jobs

- o Wages per H. R. 10950 compromise
- o Eligibility limited to AFDC and AFDC-UP eligibles
- o 8-week waiting period
- o 700,000 jobs
- o No part-time jobs
- o CETA Administration, but retain WIN to operate work test and job referral
- o State share in PSE wages (undecided)

13. Jobs Credits

- o Target existing general employment tax credit on AFDC recipients

14. Medicaid

- o Grandfather existing AFDC recipients for two years.
- o Do not extend Medicaid with AFDC to new AFDC-UP recipients or provide Medicaid coverage only after substantial waiting period.



15. Error Rates

- o Continue incentives for reducing error rates below 4% per 1977 Social Security Amendments.
- o Fiscal sanctions against States that fail to make satisfactory reductions in error rates toward 4% goal.

16. Recoupment/Taxation

- o Possible recoupment provision if administratively feasible. If not feasible, tax AFDC.

17. Taxation of UI

- o Taxation of UI benefits over \$20,000 threshold (administration tax reform proposal).

THE WHITE HOUSE

WASHINGTON

May 23, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT

*Stu*

SUBJECT:

Califano Memorandum on Welfare Reform

Secretary Califano has sent you a memorandum outlining the approach he proposes to take in a meeting over lunch Wednesday with the Speaker and Congressmen Ullman, Corman and Rangel. The Secretary will attempt to convince the Congressmen that they ought to agree to a compromise welfare reform bill and attempt to move it through the House in the next month.

We have worked with HEW staff and Ullman's staff to develop the draft specifications in the Secretary's memorandum. The plan has not been cleared with OMB or your economic advisers. The Secretary understands that such clearance and your approval are necessary before he can commit the Administration to a change in its position on welfare reform.

The issue we face now is how hard we should push for welfare reform this year. There is considerable doubt that a bill can be passed this year and we may find ourselves in the uncomfortable position of giving the Senate Finance Committee one more item over which to bargain at the end of the session. On the other hand, the interest groups are eager for action this year and interest in meaningful welfare reform may wane among those groups and the Congress next year. The politics of welfare legislation are always tricky and to force a vote this election year may put many Democrats in an uncomfortable position.

I believe, however, that we are committed to making a good faith effort to obtain welfare reform this year. If we can agree on a compromise with Ullman and Corman we should do so and attempt to move the bill as far as we can this year. Should we face a situation in which the bill is held hostage in the Senate committee we should be willing to put the matter over until next year. I do not believe, however, that we



should sacrifice other items on your priority list in order to obtain welfare reform this year. We should not be in the position of receiving blame for having "given-up" on welfare reform.

The compromise plan suggested by the Secretary is a pared down version of our original proposal with the major changes being the retention of food stamps and the elimination of one-half of the public service employment jobs. The plan will cost about one-half of the FY 1982 cost of the Better Jobs and Income Act and somewhat more than the Ullman and Baker-Bellmon plans. Although the proposal needs refinement it will be seen by most groups as a reasonable compromise which embodies the principles of our original plan.

The cost figures on the various plans have been the subject of continuing controversy. The cost figures in the Califano memo differ from those we included in the welfare message in several ways:

- the August message used costs in 1978 dollars, while the Congressional Budget Office numbers are calculated for 1982 and include over \$5 billion of inflation
- the CBO estimate does not include many of the offsets included in HEW's figures
- the new figures include the cost of the EITC for non-welfare recipients as well as those receiving cash assistance
- the 1982 numbers include the cost of the higher minimum wage approved last year
- and finally, the technicians at HEW and OMB use a different data base of poor people than CBO which alters the estimates.

OMB has begun to analyze the compromise proposal and to estimate its cost. No decision by you is needed. I asked Secretary Califano to supply this memo to you to keep you informed of developments.

THE WHITE HOUSE

WASHINGTON

May 23, 1978

MEETING WITH REP. CARLISS COLLINS (D-7-Illinois)

Wednesday, May 24, 1978

1:30 p.m. (10 minutes)

The Oval Office

From: Frank Moore

F.M./BR

I. PURPOSE

To discuss the administration's housing policy with regard to the deteriorating neighborhoods in Rep. Collins' district.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Rep. Collins represents the central district of Chicago. For the past ten years the number of housing units in her district have begun to decrease because of dilapidated conditions, abandonment by landlords, the 1968 riots, etc. There is a growing sense of dissatisfaction because of the shortage of newly constructed low-income subsidized housing. Rep. Collins would like to discuss the possibility of providing relief to the residents of the affected neighborhoods.

See attached memorandum from Secretary Harris.

Participants: The President, Rep. Collins, Secretary Pat Harris, Frank Moore, and Bill Cable.

Press Plan: White House Photographer.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: May 23 Meeting with Congresswoman Collins

Congresswoman Cardiss Collins (D-Ill.) has requested a meeting with you to discuss her concern that no federally-subsidized housing is being built in her Chicago district. In our discussions with her and her staff, she has asked that HUD take certain steps in a lawsuit which she believes would lead to the development she and we desire. This briefing paper gives the background of the litigation and our reasons for having turned down her request.

Gautreaux v. Hills, a case arising out of racially segregated public housing in Chicago, has occupied the Federal courts for twelve years. Residents and applicants claimed that the Chicago Housing Authority (CHA) discriminated against them by locating public housing in all white or all black areas, and then assigned tenants on the basis of the racial make-up of the neighborhood. HUD was included as a defendant because, plaintiffs charged, by acquiescing in those practices, HUD contributed to the discrimination.

Over time, the focus of the litigation has shifted from CHA's practices, which were found in 1969 to be discriminatory, to the difficulty of providing plaintiffs an effective remedy. In 1976, the Supreme Court held that a remedy establishing housing opportunities in the Chicago suburbs could be ordered if the district court deemed it appropriate. Such relief is permissible because whatever the jurisdictional limits on CHA, HUD's role extends throughout the metropolitan area.

The Ford Administration, rather than leave the resolution of that new issue to the district court, agreed with the plaintiffs to a demonstration program involving housing opportunities in integrated areas of the City and suburbs. It was hoped that the results of the demonstration would suggest the basis on which the litigation could be settled. We have expanded those programmatic initiatives. Thus far, however, success in terms of the number of families served has been limited.

All the while, court orders which had been entered in an attempt to get CHA to build in integrated areas of Chicago have continued in effect. Reduced to essentials, the orders require that at least 60 percent of new public housing be built in integrated areas of Chicago, and that HUD give its "best efforts" to assist CHA. In 1975, the Section 8 program created by the Housing and Community Development Act of 1974 was brought within that general framework.

It is these court orders which Congresswoman Collins complains have the effect of denying her constituents the benefits of HUD's programs. CHA has not identified any public housing or Section 8 sites in integrated areas of the City. Since 1969, it has built a total of 117 units. Moreover, our formal invitations to private developers of Section 8 housing did not produce responses which were acceptable under the court orders.

Our reaction to this lack of activity was a recent modification to the court orders which excludes the Section 8 substantial rehabilitation component from their coverage. Using that component, housing conditions in minority areas would be improved without increasing residential segregation. Responses received in the last week to invitations to submit such proposals were for three to four times the number of units for which funds are available.

The Congresswoman knows of the availability of Section 8 for substantial rehabilitation, but she would have HUD go to court to request a further modification exempting new construction. If the Court's order did not apply to the new construction component of Section 8, our site and neighborhood selection policy, which is only slightly less stringent, would apply to the location of units. That policy is basically a requirement of one for one new construction as between integrated and minority-impacted areas, with provision for exceptions if there are extenuating local circumstances not related to racial discrimination.

We have indicated to the Congresswoman that we would not oppose a properly framed motion seeking a modification of the court order along the lines she desired, but that we believe it inappropriate for HUD to take the lead in seeking such a change. The precise legal issues in the Gautreaux litigation aside, nationally that case has come to stand for two principles: (1) that HUD has a duty under Title VIII of

the 1968 Civil Rights Act to administer its program affirmatively to produce integration, and (2) that HUD should look to the entire metropolitan area in judging results of location of housing.

Thus if we seek the modification of the Gautreaux decision, such an effort would be read by many concerned observers as a retreat from a government commitment to the Gautreaux principles. Also, given the number of years that plaintiffs have been seeking relief from CHA, such a step by the Federal Government could well encourage foot-dragging by cities grappling with their obligation to afford a full range of housing opportunities to all their citizens.

Instead, we have suggested to the Congresswoman that either she or some of her constituents are in a position to intervene in the litigation to secure such modification as she seeks. That way, such citizen intervention, as opposed to government action, would focus directly on the negative side effects of Gautreaux for minority areas, without suggesting to the public that we are less than fully committed to the goal of fair housing.

In addition, we are engaged in efforts to increase the cooperativeness of CHA with regard to assisted housing construction in Chicago, but our actions may be constrained by the political reactions that may result in Chicago and the State of Illinois.

Our overriding concern is that the resolution of this problem works not only in the metropolitan Chicago area, but nationally as well. This is a priority matter for us and we recommend that the Congresswoman be so informed.

Pat

Patricia Roberts Harris



THE WHITE HOUSE  
WASHINGTON

May 23, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and for appropriate handling. Please have the original of the note forwarded to Sec. Vance.

Rick Hutcheson

cc: Frank Moore  
Jim McIntyre  
Stu Eizenstat

THE WHITE HOUSE  
WASHINGTON

5-23-78

To Cy Vance

I am opposed to  
the "voluntary retirement  
with full annuity"  
provision in the  
State Dept authorization.

It may incur a  
veto. Please oppose  
it.

Simmy

cc Frank  
Jim

THE WHITE HOUSE  
WASHINGTON

Mr. President:

DPS and Henry Owen concur.

Rick (wds)



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 19 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *Jim*  
SUBJECT: Foreign Service Proposal to Permit Voluntary  
Retirements with Full Annuities

You asked for my comment on Secretary Vance's May 17 memorandum to you. The memorandum recommends that the Administration acquiesce in a section of State's FY 1979 authorization bill permitting Foreign Service Retirement System eligibles to retire voluntarily on full annuities, based upon highest single year's salary (vice the present three year average).

State describes this as a Congressional initiative, but we have reasons to believe that the Department encouraged the subcommittees to add the provision to their bill. Furthermore, State at worst lobbied to insert the provision or at best did little to oppose its insertion, even after having been told on more than one occasion (once by me personally) that we were opposed to such a provision because of its precedential nature and potential cost. Because both subcommittees included the provision, the issue now will have to be fought on the floor of both Houses.

Cy's memo makes two main arguments for special treatment for foreign service: The Foreign Service Act does not allow for reductions in force nor special early retirement. Retirement rates in the senior Foreign Service ranks have fallen drastically. Second, State implies there would be some cost savings but, as you noted, only if executive vacancies were not refilled -- an unlikely prospect.

It is true that the top ranks of the Foreign Service are rather clogged because some senior officers are delaying voluntary retirement until 1980 to maximize annuities and because mandatory Foreign Service retirement has been declared unconstitutional. However, we do not regard the management situation at State as all that desperate. The Department is well under its employment ceiling, and the "rank-in-man" system allows State flexibility for shifting its personnel to meet unanticipated developments.

States' views on this issue are not very different from those of some other Departments. A number of Cabinet members would like to recruit their own people for key posts, and they favor legislation similar to State's because they believe it would encourage many current officials to retire before 1980. They also believe the resulting turnover could

serve to protect those mid- and lower-level managers who might otherwise be lost in a reduction in force. They also argue the resulting turnover would allow appointment of additional women and minorities.

Therefore, it would be very difficult to limit such a proposal to the Foreign Service and to executives only. There is also considerable likelihood that it would not remain a one-time option but be revived whenever there are pay freezes, pay compression, and personnel retrenchments. If expanded in this way, the Government-wide costs for employees at all grades would be enormous (perhaps as much as \$3½ billion over the 30-year period in which new benefits are amortized; \$360 million if only for executives whose pay was frozen).

The principle of increased retirement benefits for executives is in my view contrary to your proposal to freeze executive pay this year and could appear to compensate for the effect of a pay freeze. There could be serious political repercussions, inasmuch as Congress has given up on proposed similar benefits for itself in the face of bitter editorial protest. Also, the public would resent a retirement windfall to Federal employees whom they already perceive as overpaid. Finally, this liberalized direction for Federal retirement systems runs counter to our concern about the systems' present generosity.

In summary, we believe the advantages of retirement liberalization for the Foreign Service could not long be confined to State and that the potential disadvantages from a long-term, Government-wide perspective far outweigh any short-term benefits. We recommend to you that the Administration warn Congress this provision of the authorization bill could cause a Presidential veto, and that you instruct Secretary Vance to work actively to secure removal of the provision during floor debate in both Houses.

P.S. Any change to the present retirement systems should come not through piecemeal legislation, but from our planned retirement systems study commission.

THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

We have modified the text of your 5:00 p.m. announcement to include a paragraph recognizing that the Vice President agreed to chair a Cabinet-level coordinating task force. This is not a formal interagency committee or new entity of any kind.

A handwritten signature in dark ink, appearing to be 'Stu' followed by a stylized flourish.

Stu Eizenstat

23 May 78

Announcement at Briefing on Private Sector Initiative

May 23, 1978

We are here tonight to begin a new partnership between government and the private sector to ease one of our most difficult problems -- structural unemployment.

We urgently need training and job opportunities for the large number of unskilled men and women who are left jobless even during times of relatively low unemployment.

We urgently need jobs in the private sector -- jobs that can lead to useful careers -- and I am asking business and labor to help in this effort.

This will involve unprecedented cooperation at all levels of government, private business and labor as we establish Private Industry Councils to develop local programs.

I am happy to note that our request to establish these councils has been approved by full committees in both the House and Senate, as part of our CETA reauthorization bill.

We have also asked Congress for \$400 million for fiscal year 1979 to fund training programs in the private sector as the councils and local CETA officials work together.

Along with the Targeted Tax Credit sent to Congress, the Private Industry Councils will be the tools we need for a strong, effective attack on this persistent problem.

Within the Executive Branch I have asked the Vice President to chair a high level task force to provide continuing focus and coordination in the national effort to reduce youth unemployment. This task force will include the Secretaries of each of the major federal agencies with direct program responsibilities: Labor, HEW, Commerce and Treasury.

And in the private sector, I have asked the National Alliance of Businessmen to provide leadership with the business community and technical assistance at the local level.

This new partnership in employment policy exemplifies our entire urban program: government and the private sector working together for the common good.

But the progress will only be as successful as efforts at the local level make it. I pledge the wholehearted commitment of my Administration to the goal.



THE WHITE HOUSE  
WASHINGTON

5/23/78

TO : Rick Hutcheson

FROM: Carolyn Shields

Susan sent this to me thinking we might have some need for it; we didn't. It has the President's handwriting on it, and I thought you might want it.

### III. STATEMENT

#### SPOT ON CIVIL SERVICE REORGANIZATION

Good afternoon.

One of the consistent efforts of my Administration has been to improve the quality of service our Federal government provides to the American people. Every one of us here, and every one of our associates and co-workers throughout the government, has the job we have because the American people want and expect us to serve their needs. We are here for that purpose and that purpose only.

The American people are not happy about the level of service they have been receiving from their government. I find that dissatisfaction every time I travel around the country. It comes as no surprise to me. And I know there are many dedicated people in this government who share my belief that governmental performance can and should be improved.

The most effective and fundamental improvement we can make is to reform the civil service system -- to make it truly a merit system that rewards achievement and responds to human needs.

I took the first -- and major -- step toward that in March, when I sent to the Congress the first part of my Civil Service reform proposals. I'm very pleased at the prompt attention Congress has given this legislation. Committees in both the House and the Senate have held extensive hearings.

The Senate began its mark-up session this week, and we expect the House to begin quite soon.

Today I am sending to the Congress the second and final part of my reform proposals: the Civil Service Reorganization Plan itself.

It creates an Office of Personnel Management to replace our antiquated and unfair hiring practices with the same kind of modern personnel management that is routine in any efficient private industry.

It creates an independent Merit Systems Protection Board to safeguard the legitimate rights of Federal employees and gives active assistance and support to those employees who "blow the whistle" on illegal <sup>or improper</sup> activity.

It also creates a Federal Labor Relations Authority to provide a fairer and more efficient way of handling labor-management disputes within the government.

Congress has sixty days to consider this Reorganization Plan before it takes effect. I am confident that it deserves Congressional support, and I think we will look back to this afternoon as the beginning of a very significant chapter in the improvement of our government.

We have some people here today, some very distinguished guests, whose personal accomplishments serve as a reminder of how much difference one person's efforts can make, even in a system, such as we have now, that is hardly conducive to excellence.

Each of these eleven guests is a Federal employee who has made exceptional contributions toward improving governmental economy and effectiveness. I've been told that if you add up the savings to the taxpayers brought about by just these eleven people, it comes to more than \$13,500,000. And they did it through personal imagination, personal diligence, personal initiative.

We have some awards to present them which they surely deserve. But the point I would like to make -- and I think they would agree -- is that instead of giving awards once a year to a few of the most outstanding employees, what we need most is a civil service system that rewards good performance day in and day out. <sup>who</sup> These people personify the spirit of quality performance that I am determined to extend throughout our government.

# # #

Today  
I want to  
congratulate

THE WHITE HOUSE  
WASHINGTON

May 23, 1978

The Vice President  
Hamilton Jordan  
Zbig Brzezinski

The attached was returned in the  
President's outbox today and is  
forwarded to you for your information.

Rick Hutcheson

DEFENSE WEEKLY REPORT

~~SECRET~~

~~SECRET~~



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

May 19, 1978

C

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense  
(May 13-19, 1978)

Harold is in Europe attending the NATO Defense Planning Committee meeting and will return Monday evening.

Civil Service Reform: DoD officials continue to work for Civil Service reform with Congress and the press. Assistant Secretary John White has discussed the specifics with members of both the Armed Services and Appropriations Committees, and has referred to the proposed legislation in his manpower related testimony. Within DoD, Harold has asked the Service Secretaries and Directors of Defense Agencies to ensure personally that all DoD employees are provided with factual information on the specifics and objectives of the reform package.

Confirmation Hearings: Dave Jones accompanied by Lew Allen and Tom Hayward appeared before the Senate Armed Services Committee Thursday afternoon to start confirmation hearings. Another hearing is scheduled Monday afternoon. Senator Jackson led the questioning of Dave, getting his comments on SALT and CTBT. The minority members focused on the right of military officers to speak out. Dave handled himself very well on all issues, and we expect the nomination to be approved easily. We anticipate no problems with Lew Allen or Tom Hayward.

Defense Authorization Bill: The Defense Authorization bill is expected to come to the House floor next Tuesday. Some confusion has resulted from Bob Carr's substitute bill (purportedly the Administration bill minus the Trident) which will be considered along with the Committee bill. We are continuing to work with Les Aspin on an amendment to substitute a CVV for the CVN.

Meeting with Representative Wright: Harold met with Jim Wright and asked his support when the issue of substituting the CVV for the CVN reaches the floor. Jim said he would assist, but that he was not in a position to take a leading role. There was also considerable discussion on manned penetrating bombers and particularly the future of the FB-111.

Meeting with New Members' Congressional Caucus: On Tuesday Harold met with some 25 members of the Freshman and Sophomore Caucus to update them on Defense matters.

~~SECRET~~

SEC DEF CONTR No. X-1535

Military Operations in Zaire: We have been working closely with NSC and State in coordinating the French-Belgian operations. Dave Jones and I have been in continuous contact on each action, and Harold and I have also been discussing the matter frequently. Dave Jones is working with Generals Haig and Huyser in Europe.

Meeting with Saudi Arabian Foreign Minister: On Wednesday Harold and I met with Prince Saud ibn Faisal who conveyed the appreciation of his Government for the efforts of the Administration in supporting the sale of F-15 aircraft to his country. Harold stressed the importance of adhering to the assurances provided to Congress on use and configuration of the aircraft. Prince Saud reaffirmed that their intentions and requirements were strictly defensive.

Defense Perceptions Campaign: Harold sent you a memo earlier this week proposing a meeting for next week on this subject. I hope you will be able to fit it in your schedule. We feel strongly that it is important to get an organized effort underway as soon as possible.

Global Positioning System: Last Saturday, the Air Force successfully launched the second in a series of six Navigation Development Satellites from Vandenberg AFB, California. The satellites will support a joint User Equipment Test Program and the Fleet Ballistic Missile Improved Accuracy Program. The four additional satellites are scheduled to be launched in September and November 1978, and April and July 1979.

*CU Durnan*

## Background

Rhodesia's population is 95 percent black and these are among the best educated blacks in Africa. The Rhodesian declaration of independence in 1965 was designed to prevent majority rule.

Rhodesia was able to ride out international condemnation fairly well until the collapse of the Portuguese colonial empire. This increased political pressure and provided havens for guerrilla action. The level of violence has grown markedly.

The collapse of the copper market, the increasing costs of the war and the effects of the embargo have put the Rhodesian economy in a desperate position.

The appearance of Soviet-supplied Cuban forces in Africa has added another dimension of urgency; Rhodesia would be a tempting area for Cuban intervention.

The Patriotic Front guerrillas are made up of two factions: Nkomo's ZAPU based in Zambia and Mugabe's ZANU in Mozambique. The differences between the two are tribal and personal more than ideological. Both are faction-ridden and neither has a significant military capability against the Rhodesian forces.

Internal black nationalist forces have political followings but no military strength. Bishop Muzorewa is the stronger and commands the overwhelming support of urban blacks -- perhaps of all black Rhodesians. Rev. Sithole has little going for him except his record as a nationalist. Chief Chirau is a tool of Smith with little following.

Rhodesian whites are still loath to yield power and Smith has a problem in keeping them behind him. Nonetheless, he won an overwhelming mandate last year and can no doubt deliver the whites in any settlement short of unconditional surrender.